Health Branch (1941) Department

Ms SERIES.

G.O. No. 2 85

Dated 2-8-11-41

[Despatch Abstract.]

Acts and Rules - Sugarcane Act, 1934 - Hospet Sugar Factory - Infringement of Rules - Prosecutions etc. - Papers - Recorded.

C. No. 7680 A/41 Dev Department.

List of records put up

Date.	Department.	Signature of Clerk putting up the paper.	Signature of Clerk removing the paper.
6.1.41	Dev		
14.3.41			
Dev/9-12-39			
Dev/9-12-39			
28830D/40-3 Dev 1-3-41			
2014 Dev/3-11-41			

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

NOTICE.

This form must accompany any inquiry made respecting this Telegram.

Charges to pay. Rs. As.

Office Stamp.

Handed in at (Office of Origin).	Date.	Hour.	Minute.	Service Instructions.	Words.
Tospet	12	17	00		55

Recd. here at ... M. M.

TO Second Adviser

Madras govt Ms Adyar.

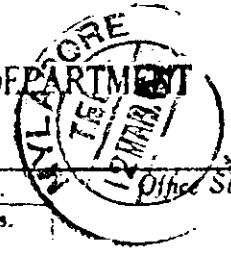
Factory forcing cane Suppliers to Sign Agreements Purporting acceptance 7/4/0 Rate for present and next season

Declare government

N. B.—The name of the Sender, if telegraphed, is written after the text.

Lal Chand & Sons, Printers, Calcutta—2938 (B-253)—24-1-40—40,000 Bks.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT



1943 NOTICE.

This form must accompany any inquiry made respecting this Telegram or

Charges to pay. Rs. | As. | Office Stamp.

Handed in at (Office of Origin).	Date.	Hour.	Minute.	Service Instructions.	Words.
To Control	(2)			Recd. here at 19 H. 47 M.	

Rule 17 (ii) 5 (13)

Unnecessary Ryots total Refusal resulted In Stoppage Supply Permits ~~Sea~~ heavy Accreage Remains uncrushed pray order factory continue Season appid end Meti Basavanagond Piryad. Tussainpeer Gowdy Umalapur

N. B.—The name of the Sender, if telegraphed, is written after the text.

& Sons, Printers, [illegible] —2303 (M 255)—24-[illegible]-40-500,000-Blue

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

01

NOTICE.

This form must accompany any inquiry made respecting this Telegram.

Charges to pay Rs.

Office Stamp. ADYAR TEL. 11 MAR 41

Handed in at (Office of Origin).	Date.	Hour.	Minute.	Service Instructions.	Words.
Hosket	11	14	45		43

Recd. here at H. 45 M.

TO Second Adviser

Madras A

Factory society ryots forced to sign agreements selling cane at 7/4/0 for current and next season ryots having refused driven out further supply

N. B.—The name of the Sender, if telegraphed, is written after the text.

& Sons, Printers, Calcutta—No. 724R (B-255)—24-11-37—50,000 Bks.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

NOTICE.

This form must accompany any inquiry made respecting this Telegram.

Charges to pay. Rs. As.

Office Stamp.

Handed in at (Office of Origin).	Date.	Hour.	Minute.	Service Instructions.	Words.

TO

(Supply)

Page 2

Recd. here at H. M.

permits refused Bills not yet settled pray urgent help

= Kolumi Malik Saib Veeraptur Mohd Medsab chitwadigi

N. B.—The name of the Sender, if telegraphed, is written after the text.

& Sons, Printers, Calcutta—No. 724R (B-255)—24-11-37—50,000 Bks.

Encl No 7400 A/41-1 dt 13.3.41

Communicated to the Collector of Bellary for necessary action

JC
13/3

To the Collr of Bellary
(with copies of Encls)

Desp
MM
13/3

DEVELOPMENT DEPARTMENT.

Please send the following telegram to the Collector of Bellary:-

Telegram Despatched 13/3/41

"Some ryots have telegraphed to Government that Hospet Sugar Factory authorities are compelling ryots to agree to Rs.7-1-0 as price for cane this season and for next ~~year~~ season. Please report on this allegation and also on the present situation gener regarding purchase of cane by factory"

13/3/41

Revenue DEPARTMENT.-

7681-A/41
17-3-41

In reply, please quote number, date and short title.*

Received ASSISTANT SECRETARY TO GOVERNMENT 17 MAR 1941 Registered

From (Name) A.D.Crombie Esq.,C.I.E.,I.C.S.,

(Designation) Collector, Bellary.

Post Box, (Station),

Telegraphic Address

To

The Secretary to Government,
Development Department,
Fort.St.George, MADRAS

Ref.C. No. ~~502/41B3~~ dated 15-3-41. 19

Sir,

Subject: Factory - Sugar Cane Act & Rules - Prices - minimum
* Hospet Sugar Factory - Fixed Prides not paid by the
Manager - Complaint from ryots.

Enclosures
Pg above

Spare Copies

Ref: Your telegram dated 13th March 1941

I had discussions with some of the ryots and the Managing Agent of the Factory on the 13th March. The Assistant Director of ~~Agis~~ Agriculture was present at the discussions. At the time my camp was arranged, the object was to discuss the extension of the crushing season, but I found on arrival that there had been further friction between the Management and the ryots and that the Management was not accepting any more local cane.

Vide pp 101-102 of (G). P10503/14-3-41

Copy put up at (B).

2 Cases having been filed against the Manager for various breaches of the Rules, he put up a notice on 9-3-41 in the following terms:-

> Suppliers are notified that as usual they can receive payment on any day between office hours, at rate of Rs. 7-4-0 being the basic price per ton of canes supplied by them. The bonus will be paid to them immediately after the decision of His Excellency the Governor-General in Council, of the appeal preferred by us against the notification of the Government of Madras."

(G) pp 43-49

3 At the/time he opened a Cane Purchase Register showing the purchase price at Rs. 7-4-0 + bonus, and he obtained signatures from some suppliers in this register. There is nothing to show that he obtained agreements on these terms for the next year, but the allegation is being investigated.

* Vide rule 10 on Pg 5 of (B)

* Re allegation in telegram at Pt 1 at 5 of

As these actions constitute further breaches of the Rules, I am ordering the filing of fresh cases before the Sub Divisional Magistrate. I am also tranferring the previous cases to him, as the Rules provide for cumulative fines for continued offences and the circumstances require that heavy fines should be imposed.

The posting of the notice and the opening of a Cane Purchase Register which the suppliers were required to sign brought matters to a head, and the ryots refused to supply on those terms. The Manager has now purchased nearly 3,000 tons from the Nizam's Dominions, which will keep the Factory working till the end of the season, and the Managing Agent says he is not prepared to accept any more local supplies, as, by the time the Hyderabad supply has been exhausted, local cane will have deteriorated to such an extent that crushing will be uneconomical-- a contention which the Director of Agriculture supports. It is estimated that about 2,000 acres of local cane will thus be left uncrushed, and the season is far advanced for converting it to jaggery.

6. The ryots naturally want the Government to intervene by forcing the management to pay the Government price and by ordering the extension of the season to the end of April, but this is not feasible. The only remedy is to file cases for breaches of the Rules, as has been and is being done. An examination of the books of the Factory, however, shows that the cost of the cane recently purchased from Hyderabad amounts to Rs. 7-1-2 a ton, delivery at Factory, and the difference between this price and the Government rate for 3,000 tons will more than compensate the management for the fines that may be imposed in the cases filed.

7 The Managing Agent maintained that he has a right of appeal to the Government of India against the rates fixed by the Madras Government, and he showed me the office copy of the appeal, which is dated 15-1-41. He is not likely to yield till he gets a decision from them, and it is unfortunate that they should have taken so much time in the matter.

8 Thus, the situation reached now is that the management has

all the cane it ~~xeqii~~ requires to finish the crushing season and is not prepared to take in any more. There will be a large surplus of local cane left uncrushed, and the situtation will undoubtedly make the collection of land revenue in this area unusually difficult.

16.3.41

m.k.16.3

For Collector.

DEVELOPMENT DEPT.

TELEGRAM.

To

COLLECTOR

BELLARY

Hospet Sugar Factory. Wire details of ~~any~~ transactions regarding cane from Hyderabad to ascertain whether purchase was effected within or outside ~~the~~ controlled area, for example, where payment made, where goods weighed and delivered.

DEVMENT.

Dev Dept

X Telegram

No 7H09 A/41-H d 21.3.41

To

Resident
Pudukkottai

New Delhi.

Please say whether any appeal has been sent to India by India Sugars and Refineries Limited Hospet Bellary against (the) notification fixing minimum price (of) Sugarcane in (Hospet) controlled area issued by Madras Govt on 14th January 1941 under section 3 (of the) Sugarcane Act and if so what is its present stage. Request telegraphic reply

Devneni

21/3

Cale

389 G (F)
28 Dw
6.1.41.

2 drafts

Pl. issue body
21/3/41
Asst Sec

T 11-12
21/3

p 24th Act for telegram
Spd
21/3

21.3.41
21/3/41

Dev. Dept

Memo No 7400 A/41-5 d 21.3.41

Sub: Act and Rules - Indian Sugarcane Act 1934 - Hospet Controlled area - Refusal of cane by the factory and delay in payment

Ref: From the Collector Bellary Ref C No 502/41 d 15.3.41

-

A copy of a letter from the Collector, Bellary, C No 502/41 d 15.3.41 is forwarded to the D.A. It is desirable to have the dispute between the Hospet Sugar factory and the Sugarcane growers in the Controlled area ~~should be~~ settled without delay. The Director is requested to take the necessary action in that regard in consultation with the Collector. He is also requested to advise the ryots and if necessary to render them the necessary assistance to convert into Jaggery

Sugar factory

A full report on the action taken should be sent not later than 25-3-1941

21/3 Com

21/3/41

with enclosure

To The D.A.

Copy to the Collector, Bellary

District Magistrate — R.C.

R 1103 F
20341

Proceedings of the Collector of Bellary.
A.D.Crombie, Esq., C.I.E., I.C.S.,

Ref.C.No.502/41-B3 Dated 19-3-41

Subs: The Madras Sugar Cane Act-Hospet Sugar cane factory-Failure to settle accounts and pay to ryots, maintenance of incorrect accounts etc.,-further prosecutions-sanction-orders passed.

Read: Agmt: This office Proceedings Ref.C.No.502/41-B3 dated 24-2-41.
Bellary Asst.Director's Ref.C.No.715/40 dated 4-3-41.

O r d e r:

In this office reference cited above, prosecution of the Manager of the India Sugars and Refineries Limited, Hospet was sanctioned for the infringement of (I) rule 8(1) punishable under rule 11(1), (II) rule 9(1) 2(a) and (3) punsihable under rule 11(2)(b), rule 10(1)(i) punishable under rule 11(2) d and (IV) rule 10(1)(ii) punishable under rule 11(2) d of the Madras sugar cane rules 1938.

2. It is further reported by the Assistand Director of Agr culture Bellary that the manager has since put up notices required under rule 9(1), 2(a) and 3 of the rules but that they are not in accordance with the Madras Sugar cane rules and the notifications thereunder and putting up such incorrect notices is an offence under rule 9(1) read with 11(2)(c) punishable under rule 11(2). It is also s aid that the Manager quoted in the cane purchse register the price of the cane as Rs 7-4-0 and bonus, which is incorrect as per minimum prices notified by the Local Government. This is an offence under rule 10(1)(i)(c) read with 11(2)(e) punishable under rule 11(2) of the aforesaid rules.

3. Under rule 13(1) of the same rules, sanction is accorded to further prosecute the said manager(I) for the infringement of rule 9(1) read with 11(2)(c) punishable under rule 11(2) & (II) for infringement of rule 10(1(i)(c) read with rule 11(2)(e) punishable under rule 11(2). The Asst.Director of agriculture, Bellary should file a separate charge sheet for each of the above offences and also for the continuing offences in question before the Joint Magistrate, Hospet and conduct prosecution

19 3 41

For District Magistrate,
Bellary.

(10)

AK/19-3-

To The Assistant Director of Agriculture, Bellary,
Joint Magistrate, Hospet,
Copy to the District Superintendent of Police, Bellary,
Copy to the Deputy Superintendent of Police, Hospet,
Prosecuting Inspector, Bellary,
Director of Agriculture, Madras,
Tahsildar, Hospet,
Copy submitted to the Secretary to Government (Revenue Department) Madras for favour of information.
Copy to B-3.

ASSISTANT SECRETARY TO GOVERNMENT DEVELOPMENT 21 MAR 1941 8299

Revenue 11c 3 F '41 — 21.3.41

22 MAR 1941

0195

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

8428

0 ID BELLARY 22 STE 32

DEVMENT MADRAS

FACTORY PURCHASES CANE MUNIRABAD HYDERABAD STATE OUTSIDE CONTROLLED AREA STOP WEIGHMENT AND DELIVERY AT MUNIRABAD ALONE STOP NIZAM TAXES PAID THERE STOP PAYMENT MADE AT BOTH PLACES ------COLLECTOR

C.F. 32.

AGRICULTURAL DEPARTMENT.

In reply, please quote number, date and short title.*

Received 8443 *Registered*

ASSISTANT SECRETARY TO GOVERNMENT
22 MAR 1941
DEVELOPMENT DEPARTMENT

From (Name) P.H. Rama Reddi, Esq., I.A.S.,

(Designation) Director of Agriculture,

POST BOX 412, (STATION) Triplicane, Madras.

Telegraphic Address

To

The Secretary to the Government of Madras,
Development Department, Fort St. George.

No. C.276/41 *dated* 22nd March, 1941.

Sir,

*SUGARCANE ACTS AND RULES--Enforcement - Hospet Taluk - New draft Bill proposed.

The provisions of the Sugarcane Act, 1934, and the Madras Sugarcane Rules, 1938, are enforced in the Hospet Taluk of the Bellary District. The minimum prices under this Act for sugarcane purchases in the 1940-41 season have been fixed on a sliding scale in G.O.No.Ms. 28, Development, dated the 6th January 1941.

2. With reference to a representation dated the 24th January 1941, received from the Hospet Co-operative Loan and Sale Society, Ltd., Hospet, that payments for supplies of cane to the factory were not paid by the factory according to the Government notification, the Assistant Director of Agriculture, Bellary, inspected, under my instructions, the factory and examined the books on the 31st January 1941. He reported that only part payments were made and brought to my notice other irregularities under the rules. The Assistant Director of Agriculture was thereupon ordered to apply to the District Magistrate, Bellary, for sanction to prosecute the Manager of the factory. The prosecution has been sanctioned - please see orders of the Collector of Bellary Ref.No.C.502/41 dated the 24th February 1941, and dated the 19th March 1941.

3. Subsequent to the inspection of the books by the Assistant Director of Agriculture, Bellary, the factory refused to purchase canes from the Hospet growers, presumably as a reprisal, and I received 12 telegrams on the 4th February 1941, praying for relief. The Assistant Director of Agriculture was asked to proceed to Hospet immediately and bring out an amicable settlement between the factory and the cultivators. He could not do much in the way of compromise, but the factory began purchasing canes from the 8th February from the Hospet growers only to a limited extent.

4. The factory did not purchase any cane from private growers from the 3rd to 7th and on the 13th February 1941, although purchases were made from other sources. The figures furnished below will show how the purchases were made, up to the 13th February 1941:-

DAILY CANE PURCHASES (IN TONS) BY THE SUGAR FACTORY.

Dates.	Society borrowers.	Factory borrowers.	Nagar (Hyderabad)	Private growers	Total
25-11-40 to 31--1-41	4,170	4,533	812	16,721	26,236
1--2-41 to 10-2-41	1,156	867	480	469	2,972
11-2-41	36	49	50	33	168
12-2-41	154	180	130	143	607
13-2-41	156	122	161		439
Total	5,672	5,751	1,633	17,366	30,422

The factory continued to purchase from all people until the 9th March; the purchase from private growers, was however, to a very limited extent. From the 9th March to date, the factory has not purchased canes from the Hospet area, but has obtained all its supplies ranging from 150 to 300 tons a day from Munirabad (Hyderabad State).

5. On the 12th March, information was received by telegram that the factory was forcing cane suppliers to sign agreements purporting acceptance at the rate of Rs.7-4-0 per ton of cane for the present and the next season and refusal to do so by the cultivators resulted in stoppage of purchases by the factory. The Assistant Director of Agriculture, Bellary, proceeded to Hospet to study the situation and sent reports to the Collector of Bellary and this Office. The Collector also camped at Hospet on the 13th and 14th March when he heard representations from the growers and the factory manager; the Assistant Director of Agriculture, Bellary, was present at the time. It is reported by the Assistant Director of Agriculture that as the factory agent thought that growers and middlemen were not co-operating with him on his terms, the factory had made arrangements with the railway company for a daily supply of 50 waggons for transporting canes from Munirabad (Hyderabad State) to Hospet in order to solve the problem of supply of canes to the factory for the rest of this season. In his letter dated the 13th March 1941, the managing agent of the factory also informed me that "as the factory cannot afford to stop crushing indefinitely they had to make arrangements for their supplies by rail, from Munirabad for the rest of the season."

6. The production of sugarcane round about Hospet is about 130,000 tons of which the sugar factory could consume under normal circumstances only about 40 to 50 thousand tons. The remaining 80,000 - 90,000 tons of cane has in any case to be converted into jaggery. The cultivators did not care to depend on the factory very much last year as the price of jaggery was high but as the price of jaggery has fallen this year, they are not keen to adopt the advice given by the department to start jaggery making. I am however, instructing the Deputy Director of Agriculture, II Circle, and the Assistant Director of Agriculture, Bellary, to intensify their propaganda as there is no other go for the ryots to dispose of their canes this season.

7. It was represented to the Collector during his enquiry on the 13th that Government should immediately prevent the sugar factory from purchasing canes from the Hyderabad State area, as the ryots in Hospet were deprived of their quota of cane supplies to the factory. I agree with this view. The benefit of the import duty on sugar should be shared both by the sugar factory and the producer of cane in that area and the factory should not be permitted to exploit the local cultivators, nor should it be allowed to defeat the object of the Act by permitting it to purchase sugarcane at a rate below the minimum fixed, from the adjoining Hyderabad State to the detriment of the local producers of cane whose interests should receive primary consideration. This will be possible only if the present practice of resorting to supplies from outside a controlled area in order to evade the law is put a stop to immediately and for the future.

8. In the circumstances stated above, the only solution to enforce effectively the Sugarcane Act and Rules generally in a controlled area and particularly in the Hospet area, seems to me to restrict supplies of cane to an assigned area. As the present Act does not give power for the purpose, it is necessary to resort to legislation as a supplement to the existing Act. I accordingly enclose a draft of a Bill (with reasons) and a draft notification for the consideration of Government. This bill known as 'The Madras Sugarcane Zoning Act, 1941' provides for a factory purchasing its cane requirements from an assigned area notified by Government and for prohibiting purchases elsewhere. Legislation of this kind is already in operation in Bihar and the United Provinces, and copies of the Sugar Factories Control Acts and Rules of those provinces are enclosed for the information of Government.

I have the honour to be,
Sir,
Your most obedient servant,

22/8/41

DIRECTOR OF AGRICULTURE.

LSR*22.3.

22/8/41

D R A F T.

THE MADRAS SUGAR FACTORIES ZONING ACT, 1941.

Whereas it is expedient to provide for the Zoning of sugar factories in order to regulate the supply of sugarcane intended for use in such factories;

It is hereby enacted as follows:-

I. (i) This Act may be called the Madras Sugar Factories Zoning Act, 1941.

(ii) It extends to the whole of the Madras Presidency.

(iii) This act shall come into force at once.

2. In this Act, unless there is anything repugnant in the subject or context, --

(a) "Factory" means any premises (including the precincts thereof) wherein twenty or more workers are working or were working on any day of the preceding twelve months and in any part of which any manufacturing process connected with the production of sugar is being carried on or is ordinarily carried on with the aid of power;

(b) "sugar" means any form of sugar containing more than ninety per cent of sucrose.

(c) "Cane" means sugarcane intended for use in a factory.

(d) "Assigned area" means an area assigned to a factory under Section 3 (i).

3. (i). The Provincial Government may issue an order declaring any area to be an assigned area for the purposes of the supply of cane to a particular factory.

(ii) No cane from outside an assigned area shall be purchased or/and carried for use in a factory situated in an assigned area.

(iii) Contravention of the provision in sub section (ii) shall be punishable with fine not exceeding Rs.500/- and in case of a continuing offence to fine not exceeding Rs.50/- for each day the offence is continued after the first day, subject to a maximum of Rs.2,000/-

4. (i) No prosecution shall be instituted except under the authority of the District Magistrate having jurisdiction over a factory.

(ii) No offence under this Act shall be tried by any Court other than the High Court, a Court of session or a court of a salaried magistrate of the first class.

5. (i) The Sugarcane Act 1934 and the Madras Sugarcane Rules 1938 issued thereunder shall continue in force in so far as they are not inconsistent with the provisions of this Act.

(ii) The definitions given and procedure prescribed in the above said Act and Rules shall also apply to this Act.

(iii) This Act is a supplement to the Sugarcane Act 1934.

STATEMENT OF OBJECTS AND REASONS.

The sugar factory at Hospet where the Sugarcane Act is in force is purchasing and transporting cane from the Hyderabad State area in the 1940-41 crushing season in order to (i) evade paying minimum prices for cane fixed by Government in the controlled area and (ii) to victimise cane growers by refusing to take cane from the Hospet taluk. The result is that the growers are either coerced to enter into an agreement with the factory contrary to the Government notification fixing minimum prices or left to shift for themselves with their canes which gradually deteriorate as summer advances.

This Act is intended to restrict purchase of cane by a factory in the same assigned area in which it is located and where cane is in plenty and is more than sufficient to meet a factory's requirements.

DRAFT NOTIFICATION.

It is hereby notified that the Hospet taluk in the revenue district of Bellary shall be an 'assigned area' under Section 3 (i) of the Madras Sugarcane Zoning Act, 1941 — draft on p 29 above for the purposes of supply of sugarcane to the India Sugars and Refineries Ltd., Hospet.

22-3-41

24 MAR 1941

8669-A/41
25-3-41

CONFIDENTIAL

Public (General) Department.

The following information has been received in the Public Department.-

BELLARY.

HOSPET SUGAR FACTORY.

The trouble at the Hospet Sugar Factory continues Cases for various breaches of the Sugar Cane Rules have been filed against the management, who however continue to refuse to pay the full Government rates, and work in the Factory has almost ceased. The District Magistrate is meeting a deputation of the ryots and also the Manager but it does not appear that anything more can legally be done than to continue to file cases against the management. It is possible that the ryots may resort to picketting.

S.V.R.
21/3/41.

Public Works Department, u.o.
Development

C.F. 32 (a).

In re please quote number, date and short title.*

AGRICULTURAL DEPARTMENT.

Received *Registered* 8689

From (Name) P.H. Rama Reddi, Esq., I.A.S.,

(Designation) Director of Agriculture,

POST BOX 412, (STATION) Triplicane, Madras.

Telegraphic Address

To

The Secretary to the Government of Madras,
Development Department, Fort St.George.

No. C 69/41, *dated* 24th March, 1941

Sir,

Sugarcane Act and Rules - Enforcement - Hospet Taluq - 1940-41 season
Government Memorandum No.7400-A-41/5, dated the 21st March, 1941.

ENCLOSURES 19.20 above

SPARE COPIES

The Deputy Director of Agriculture, II Circle, Cuddapah, and the Assistant Director of Agriculture, Bellary, have already been instructed to proceed to Hospet and do everything possible to help the cultivators to crush the cane for jaggery making. They have also been informed that the Director of Industries and Commerce has three power crushers and if they are wanted, they will be despatched from here as early as possible. Their report is awaited.

2. The position at Hospet seems to have changed in favour of the cultivators since the report of the Collector (Ref.No.C.502/41 dated 15th March 1941) was received. In his report dated the 22nd March, the Assistant Director of Agriculture, Bellary, says that the factory has not been able to obtain from the Hyderabad State

all the cane that it requires for want of sufficient number of railway waggons and that it has; therefore, been purchasing again certain quantity of cane locally. Of the total quantity of 1,360 tons of cane purchased between 17th and 19th March, the quantity of cane obtained from Hyderabad was only 436 tons, the rest having been purchased locally. The situation is being closely watched and every effort will be made to help the cultivators in all possible directions. It is very unfortunate that they have still their eyes on the factory instead of converting their cane into jaggery

3. The report of the Assistant Director of Agriculture says that the Managing Agent of the factory has been trying to find out some other excuse to reduce the cost of the cane viz., that the purity of the cane has gone down low. This cannot be true as deterioration in cane will set in only in next month. The Assistant Director of Agriculture is fully alive to the excuses of the factory.

I have the honour to be,
Sir,
Your most obedient servant,

24.3.41

for DIRECTOR OF AGRICULTURE.

030

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

No.

Received here at ____ H. ____ M.

28 MAR 1941

O VL NEW DELHI 25 STE 104

DEVMENT MADRAS

=127 T PINYH YUUYF NUBTO YHRYV HUNYD AOGUB PFAIN JEHUB

TEHUR ALPEL ZOSKAMYLIM LAVJA HUSPET BELLARY AHPAT NOPEV

GRULN MEYNO OSBEE TEHUR CRAUC HUNYD VAGOA PFINA KYYPU

YILYA YFLIT EIEYU XYLIB EJFOJ YMALU YGUTY XYLVO VOHGT

IDPIH ARCYY SUHIU IXJEX IOOSY UWVUK EHXOT SIBOA GEYJ

AXKKY GUCOZ PAYKS AIIAK UCJEG AFLIR SEPUK IXCIA

OUKUD HUNYD JADUJ VACAS RATOR AOGUB UHNYD HAHHU HUNYD

Nil Chand & Sons, Printers, Calcutta—No. 447 R/5-41—94-5-40—2,00,000

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

Received here :

IDOSY JYTUV ANNEL NAYYG GEUOX SHRYB SFOUK CAJOQ OWUGR

UFPYD JEHUB SUAKT DOMYO ABAAO ECOCT VACAS JIVFY NIOGA

AKLYW BURLYV IZOXX HOSPET GEUOX HUNYD WOUID NEGUY TOUBT

UDPAD AJYRR JULEX EBFUL IXCIA EVGIC AUGUB HUNYD KYZIA

The sequence of entries at the beginning of this telegram is—class of telegram, time handed in, serial number (in the case of foreign telegrams only), office of origin, date, service instructions (if any), and number of words.

This form must accompany any inquiry respecting this Telegram.

Lal Chand & Sons, Printers, Calcutta—No. 447 R (B-95)—24-5-40—30,000-Bks

dated 25.3.41

Telegram from the Secretary to the Government of India, Department of Commerce to the Secretary to the Government of Madras, Development Department, Fort St. George, Madras.

P 17 above

Reference your telegram dated March 21st, No. 7400.

Appeal received from Indian Sugar and Refineries Limited, Hospet, Bellary against notification fixing the minimum price, Letter 28830 D/40 1941 sugarcane. We have since received your letter 28830 D/40 dated 1st March 1941 where the Government of Madras are stated to be in agreement with the Government of India's views that (c) P 37 the cultivators should be paid fair prices at flat rate and thereafter admitted to share in profit. In view of this we are returning appeal to you for disposal. Government of India is most anxious no factory should be shifted from British Indian Provinces to the Indian State, a contingency we are informed not altogether unlikely in respect of the Hospet Factory. You will no doubt take this also into consideration in disposing of the appeal. Letter follows.

9192-11/41

31.3.41

No.127 - T.
GOVERNMENT OF INDIA
DEPARTMENT OF COMMERCE

New Delhi, the 25th March 1941.

From

The Secretary to the Government of India,
Department of Commerce,

To

The Secretary to the Government of Madras,
Development Department, Madras.

T E L E G R A M.

p 17 above Reference your telegram number 7400 dated 21st March. Appeal received from Indian Sugar and Refineries Limited, Hospet, Bellary against your notification fixing minimum price sugar cane. We have since received your letter number 28830 D/40 dated 1st March 1941 where the Government of Madras are stated to be in agreement with the Government of India view that cultivators should be paid fair price at flat rate and be thereafter admitted to share in profits. In view of this we are returning the appeal to you for disposal. Government of India is most anxious that no factory should be shifted from British Indian Provinces to Indian States, a contingency we are informed not altogether unlikely in respect of Hospet factory. You will no doubt take this also into consideration in disposing of the appeal. Letter follows.

Confidential

Dev. Deptt

Memo No. 8669 A/44-1 d 31.3.44

Sub. Act and Rules –
Sugarcane Act 10,34 Hospet
Controlled area Situation
Report

The Collector of
Bellary is requested to report
not later than 5.4.44
the result of discussions
with the deputation of the
ryots and the manager of the
factory which wanted in having
factory, the Cane area and
the trouble at the Hospet
Sugar factory.

74
31/3

29/3/44

The Collr. of Bellary

R 6, 5.44.

ASST. SECRETARY TO GOVT.
31 MAR
DEVELOPMENT DEPARTMENT

N 1233 F
31/3
7 3

From(Name) A.D.Crombie,Esquire,C.I.E.,I.C.S.,
(Designation) District Magistrate,
(Station) Bellary.

To

The Assistant Director of Agriculture,
Bellary.

Ref.C.No.500/41,B3 Dated 29-3-1941

Sir,

Sugarcane Act-Hospet Sugar Factory-Infringement of Sugarcane rules-Further prosecutions of the Manager-Further Reference.

Ref: This office Reference C.502/41-B3 dated 19-3-41.

In the fair copies of the second proceedings sanctioning further prosecution of the Manager,Hospet Sugar factory, the word 'Collector' appearing at the top of the preamble is an error in the fair copy. The fair copi s are signed"For Dist.. Magistrate",. The word"Collector" may be corrected into District Magistrate. Revised fair copies are however sent herewith.

29.3.41

For District Magistrate.

(10)

AK/29-3-

29/3

Copy to the Joint Magistrate,Hospet,District Superintendent of Police,Bellary,Dy.Supdt.) of Police,Hospet, Prosecuting Inspector,Bellary,Director of Agriculture,Madras Tahsildar,Hospet,Copy submitted to the Secretary to Government Revenue Department,Madras,
Copy to B-3.

ASSISTANT SECRETARY TO GOVERNMENT
2 APR 1941
DEVELOPMENT DEPARTMENT

Proceedings of the District Magistrate, Bellary
A.D.Crombie Esq.,C.I.E.,I.C.S.,

Ref.C. 502/41 B3 (Same as Page 21 above Dated 19-3-41, Bellary)

Sub: The Madras Sugarcane Act - Hospet Sugarcane Factory - Failure t settle accounts and pay to ryots, maintenance of incorrect accounts etc- further prosecutions - sanction orders passed.

Read: This office proceedings R.f.C. 502/31 B3 dated 24-2-41
Bellary Asst. Director's R.f.C. 715/40 dated 14-3-41.

O r d e r

In this office reference cited above, prosecution of the Manager of the India Sugars and Refineries Ltd., Hospet was sanctioned for the infringement of (I) rule 8 (1) punishable under rule 11 (1) (h), (II) rule 9(1) 2 (a) and (3) punishable under rule 11 (2) (b), (III) rule 10 (1) (i) punishable under rule 11 (2) d and (IV) rule 10 (1) (ii) punishable under rule 11 (2) d of the Madras Sugarcane rules 1938.

2. It is further reported by the Assistant Director of Agriculture Bellary that the manager has since put up notices required under rule 9(1), 2 (a) and 3 of the rules but that they are not in accordance with the Madras Sugarcane rules and the notifications thereunder and putting up such incorrect notices is an offence under rule 9(1) read with 11 (2) (c) punishable under rule 11 (2) It is also said that the Manager quoted in the cane purchase register the price of the cane as Rs. 7-4-0 plus bonus, which is incorrect as per minimum prices notified by the Local Government. This is an offence under rule 10 (1) (i) (c) read with 11 (2) (e) punishable under rule 11 (2) of the aforesaid rules.

3. Under rule 13 (1) of the same rules, sanction is accorded to further prosecute the said manager (I) for the infringement of rule 9 (1) read with 11 (2) (c) punishable under rule 11 (2), and (II) for infringement of rule 10 (1) (i) (c) read with rule 11 (2) (e) punishable under rule 11 (2) The Assistant Director of Agriculture, Bellary should file a separate charge sheet for each of the above offences and also for the continuing offences in question before the Joint Magistrate, Hospet and conduct prosecution.

District Magistrate.

m.k.28/3 (10)

28/3

To
The Assistant Director of Agriculture, Bellary.
The Joint Magistrate, Hospet.
Copy to the Dt.Supdt. of Police, Bellary.
" the Deputy Superintendent of Police, Hospet.
" the Prosecuting Inspector, Bellary.
" the Director of Agriculture, Madras.
" the Tahsildar, Hospet.
" Submitted to the Secretary to Government (Development Dept) Madras for favour of information.
" B-3

CONFIDENTIAL

DEVELOPMENT DEPARTMENT.

Memorandum No. 8669/A/41-1, Dated the 31st March 1941.

Subject: Acts and Rules - Sugarcane Act, 1934 - Hospet Controlled area - Situation - Report.

.....

The Collector of Bellary is requested to report not later than 5th April 1941, the result of the deputation of the ryots and the Manager of the factory which waited on him in connection with the trouble at the Hospet Sugar Factory.

T.Krishna Kurup,
Assistant Secretary to Government.

To the Collector of Bellary.

F o r w a r d e d
/ By order /

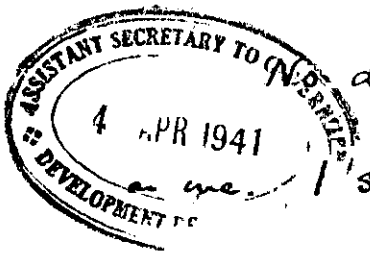
31/3/41

Superintendent.

P.T.O.

+8 Ref C 502/NS 83 2.4.41. (Confl)

Returned



9714

No deputation of the ryots and the manager waited on me. I saw a deputation of the ryots and the manager separately, and a report was sent in my Ref. p. 11-13 above C No. 502/41 — B.3 dated 15.3.41.

Camp. Hadagalli.

Collr. Bellary.
2.4.41.

To The Addl: Secy Revenue Development Deptt, Madras.

Confidential

No. 1159 D-41.42

OFFICE OF THE COLLECTOR,
CIVIL AND MILITARY STATION, BANGALORE.

Dated 2nd April *1941.*

9805-Ayu
4.4.41

FROM
H.H. Carleston, Esq., I.C.S.,
COLLECTOR, CIVIL AND MILITARY STATION,
BANGALORE.

To
H.M.Hood, Esq. C.I.E., I.C.S.,
Adviser to His Excellency the Governor of
Madras,
Madras.

SIR,

Solvency of Messrs. Ramalingam & Sons
Bangalore.

- - -

As desired by Messrs. V.Ramalingam & Sons., vide application dated the 1st April 1941 from V,Govindarajan on behalf of Mr.Ramalingam (Copy enclosed) I forward herewith a solvency certificate for your information.

The properties owned by them outside the Civil and Military Station have been excluded from my estimate.

I have the honour to be,
Sir,
Your most obedient servant,

H.H. Carleston

COLLECTOR.

The Collector,
C & M Station, Bangalore.

Sir,

Mr.V.Kamalingam wants to make an appeal before the Hon.Member Mr.Hood, at Madras in connection with his Sugar Co., and he wants a Solvency Certificate. I beg to request you to kindly grant me a certificate similar to one your goodself had granted to the C.R.E. last year.

Thanking you.

I beg to remain,
Sir,
Your most obedient servant,

Sd/- S.V.Govindarajan.
for Mr.V.Kamalingam.

C/o The Daily Post,
Bangalore.
1st Apr.41.

"C O P Y"

SHERISTADAR.

2/4.

Office of the Collector,
Civil and Military Station, Bangalore.
Dated 2nd April 1941.

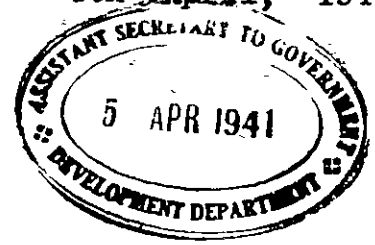
Certificate.

Certified that Messrs. V.Ramalingam & Sons residing at Lalbagh Road Bangalore are solvent to the extent of about Rs.1,50,000/- (Rupees one lakh and fifty thousand) being the estimated value of their immovables properties in the Station and moveables in their concerns viz. The Imperial Talkies and the Daily Post.

H.H. Carleton

COLLECTOR.

9, Stringers Street, -
Camp P.T. MADRAS.
4th April, 1941.



The Hon'ble Mr. H. M. Hood,
Adviser to H. E. The Governor of Madras,
Fort St. George,
M A D R A S.

S i r,

The purpose of my last interview with you was to request you to visit Hospet and obtain firsthand knowledge of the forces at work against me and the factory. In the midst of your other pressing duties you could not then accede to my request. I am grateful however for the sympathetic and patient hearing you gave me, and for your kindness in permitting me to write to you in the matter.

Though I am averse to making any personal reference to myself under ordinary circumstances, I am forced to depart from this rule of my life, as there has been a systematic attempt to malign my name and the company I stand for, and to challenge my business integrity.

To begin with I have been a businessman all my life. I am the founder of the Standard Clay Works, the biggest Indian owned clay works, with its extensions in several places and its unique success in the manufacture of sanitary pipes etc., at Tiruvellore, near Madras, and I have been closely associated with Messrs. John Taylor & Sons of the Kâlar Gold Fields, in

various business activities especially as an intermediary and agent between the Government of Mysore and the Mining Co., in the exclusive supply of timber. My business reputation and standing is known to Sir Mirza Ismail, the Dewan of Mysore, the Director of Industries, Madras, also knows me. The Hon'ble the British Resident in Mysore could tell you something of my loyalty as a citizen and of my humble efforts in connection with the Bangalore Aeroplane fund. I herein enclose his letter which I shall thank you to return, in token of my humble services in this connection, as also an extract from the annual report of the Bangalore C & M station War Fund Association. — p. 63 below It may not be out of place to mention that I belong to a family, the services rendered by whose members as loyal citizens, have been graciously recognised by H. M. the Queen Empress Victoria. If by any means I have given an impression that I am any other than what I really claim to be, a loyal and law abiding citizen, faithful to my cause, I beg to be excused. My anxiety and enthusiasm for the fulfilment of my duties might have sometimes been misunderstood.

In the enclosed note which I submit with your kind permission, I have attempted to answer some of the charges levelled against me.

With reference to the appeal preferred by the factory to the Government of India from the Notification of the local Government I am unofficially advised that I have to approach the local Government alone for the redress of ~~the~~ my grievances. In view of the grave situation the company is confronted with, a meeting of the Board of Directors of the India Sugars & Refineries Ltd., is to be held on the 6th inst., to consider the situation and to decide the further course of action and I shall duly communicate to you their decision. P-389 (F)

Strongly impressed as I am with your sense of impartiality, fairness and justice I would again respectfully trouble you to kindly spare some time to visit Hospet and get a personal insight into all the local forces at work.

Yours sincerely,

V.V. Ramalingam.

EXTRACT FROM THE ANNUAL REPORT OF THE BANGALORE C & M STATION WAR FUND ASSOCIATION.

"Special mention should be made of the facilities afforded by the Bangalore Daily Post and Mr. S. V. Govindarajan in particular, who throughout the year has given invaluable assistance by means of publicity in the Press and who has also undertaken all printing and advertisement matter of this Association without charge"

N.B. I am the proprietor of the Bangalore Daily Post and Mr. S. V. Govindarajan is my nephew and Manager.

ASSISTANT SECRETARY TO GOVERNMENT
5 APR 1941
DEVELOPMENT DEPARTMENT

EXPLANATION.

Before I proceed to answer the several allegations raised against me by the Ryots Association, it will not be out of place for me to give a brief history of this Association.

As soon as the factory was started, the Company appointed one Mr. Nagan Gowd an influential person belonging to the place and claiming to possess high agricultural qualifications, to start an experimental farm, and to organise the supply of cane to the factory. He did not come up to our expectations and seeing that he spent most of his time in political activities as a Congressman, the company terminated his services. Being enraged at this, he with the help of his congress friends, organised an agitation against the factory in the guise of safeguarding the interests of the ryots from exploitation by the factory. There is nothing in the Association except its name and the sole purpose of its existence is to carry on agitation against the factory and its interests. This is also evident from the fact that the association whose ostensible object is to safeguard the interests of the poor ryots have not done anything to help the ryots to convert his cane into jaggery or to afford him any relief in his present acute economic distress. The present president one Mr. Ramachandra, an unemployed graduate and an ardent congressman has not up till now supplied any cane to the factory. So also the secretary who is a retired overseer does not own any lands or grow any cane. It has no constitution no membership and no habitation of its own. In this agitation against the factory organised by the said Mr.Nangangowd and his other congress friends they were actively assisted by the merchants and middlemen whose interests clashed with those of the factory. An enquiry will bear out the above statement.

M.81-89 below

1. CHARGE. That the object of my prefering an appeal to the Governor General in Council was to delay payment to the suppliers and to flout the local Government.

ANSWER. I submit that any such base motive was far from my thoughts. I am really sorry if my preferring an appeal has annoyed the Government by creating in their minds the above impression. I believed that it was the prescribed and proper course for the redress of my grievances and all my actions in this behalf were bonafide.

2. CHARGE. That the company, and I personally as Managing Agent, are making undue profits in utter disregard of the interests of the poor ryots.

ANSWERS. (a) The allegation is quite unfounded. Far from making profits, the company worked at a loss year after year until 1938 to 39 season, when it showed a small profit. Uptill now the company has declared only two small dividends, one of 4% for the season 1938 to 39 and one of 6% for the season 1939 to 1940. The prospects this year of any profits are remote.

(b) As regards the allegation that the Managing Agent is making undue profits I shall content myself with giving you the facts and leave you to judge. I am one of the founders of the company. More than 25% of the shares of the company are owned by me. Even before the share capital was subscribed for, I advanced 1½ lakhs for the purchase of machinery realising the

urgency of the time factor. From the inception of the company in 1933 till 1936 I worked for the company in an honorary capacity without receiving any remuneration. As pointed above the company had to encounter great hostility from local interests, and its prospects were none too bright till 1936. There were negotiations with two European firms to hand over the factory to them. One of them came forward to work the concern, but after actually working it for about 5 months they gave it up as not being worthwhile. The share value fell down to as low as Rs.2/8/- i.e., 25% of the paid up value and even at that rate no Body cared to buy. Then I volunteered to save the concern by advancing Rs. 5½ lakhs out of funds raised by mortgaging my private properties and thus saved the company from going into voluntary liquidation. It was at this juncture that I became seriously ill and had to go to England for treatment and I was not in a position to continue the management of the company and doctors advised that in the interests of my health I should sever my connection with the company. The Managing agency of the company was offered to other directors who were financially in a better position than myself. But all of them refused. It was then that the Managing Agency was transferred to me under terms which the other persons had refused to consider. I put my heart and soul into the affairs of the company and saved it from certain ruin. After thus stabilising the company and with a view to retire from active business life I offered to hand over the Managing Agency to M/s. Parry & Co., who after working the factory during the last crushing season expressed their inability to ~~coke~~ take up the responsibility on account of the several adverse conditions. It should be very gratifying to note that the shares of the company are

V.A

now quoted at a small premium. The remuneration I now receive is much less than what is received by other Managing agents of similar companies involving much less responsibility. I am not enforcing all my rights under the Managing Agency agreement. Under the agreement the company is bound to pay me interest at the rate of 6½% on all finances I arrange. I have been able to arrange credit facilities to the tune of 6 lakhs of rupees from The Imperial Bank of India at 3½% and the difference of 3% legitimately due to me I ~~had been~~ have given up in favour of the company.

(c) I take the liberty of mentioning what the company and myself personally have done for the ryots. Seeing that the vast majority of the cane growing ryots were raising loans at usurious rates of interest for the purpose of financing their agricultural operations, I took the initiative in organising a cane Growers Association on a co-operative basis and the company advanced large sums of money to the Association at a very low rate of interest and the Association gave loans to its members. At the early stage I personally guaranteed a loan of Rs.75,000/- which the said association raised from the Madras Provincial Co-operative Bank. With the object of introducing scientific methods of cultivation and adopting improved varieties of cane seedlings by the ryots, the company started an experimental farm for demonstration purposes incurring very heavy loss for that purpose. The company also advanced about Rs.2 lakhs to the ryots at low rates of interest and the same amount is still outstanding. The company engaged agricultural experts with the object of giving necessary advice to the

ryots and the services of their staff were always at the disposal of the ryots free of costs and we claim that the technical services rendered by the company's servants have considerably contributed to improving the ryots' methods of cultivation and their adopting new varieties of cane. To introduce the spirit of healthy competetion amongst the ryots for raising better crops we offered several prizes to the growers of cane. We have also done a lot for the betterment of the ryots by giving them loan of agricultural implements, by loaning rubber tyred carts to cart their cane, by advancing monies to buy bulls and carts on easy payment system.

3. CHARGE. That a fair price is not paid to the Grower for the cane supplied by him.

ANSWER. We have facts and figures to prove that we have always been paying a fair price to the ryots. Though the ryot is simple he is shrewed enough to sell the cane to the factory only when it pays him better than converting his produce into jaggery. It is significant that all the scramble and rush to supply cane to the factory this year is due to the fact that he stands to get from the factory almost double the price for his cane than he would otherwise get by converting into jaggery. With a view to help the ryot as best as we could we have crushed 10,000 tons more of Hospet cane this year.

4. CHARGE. That the price we pay is much less than what other companies pay,

ANSWER. The charge, that we are not paying as much as other companies, has to be examined in relation to several factors namely the variety and quality, age and sucrose content of cane grown in other centres. A close examination of all the relevant circumstances will show that our cost of cane per ton of sugar produced is higher than what these companies are paying.

As for the statement that Messrs. Parry & Co., are paying Rs.14/- per ton of cane supplied to their factory, I learn that this sum of Rs.14/- relates to last year when they realised about Rs.320/- a ton of sugar whereas during the same period when our average realisation was only Rs.305/- per ton we paid on an average Rs.12-8-0 per ton of cane. We take pride in the fact that when compared with a most efficient unit like M/s. Parry & Co., who have got additional advantage of having their own subsidiary industries and the unique privilege of having Government distillery contracts, the prices that we pay for cane this year is based on the same principle as adopted by them, with slight deduction due to immaturity of the crop.

Vide Para 3 - Bill above

5. CHARGE. That we are not maintaining correct accounts.

ANSWER. That our books are subject to the scrutiny of the excise department, incometax authorities and our banking relationship with the Imperial Bank of India preclude the possibilities of incorrect accounting. Above all our accounts are annually audited by no less a firm of repute and standing than Messrs. Fraser & Ross, Madras.

(Para) Paras 5 and 6 B. 12 above

6. CHARGE. That I am importing Munirabad cane to defeat the ryots of Hospet.

ANSWER. There is a misconception that I am deliberately importing cane from Nizam's state to injure the Hospet ryots. The fact is that at Munirabad I acquired in 1934 lands on behalf of the factory for starting a demonstration farm for growing the right kind of cane and develop it as company's farm. Unfortunately due to

VM

lack of irrigation facilities this scheme was not a success. In order to avoid loss to the company and as a compromise measure the whole account was transferred to my personal name and I have borne the whole loss amounting to a lakh involved in this venture. In the course of our activities at Munirabad we had paid advances to the ryots and in repayment of same they have been regularly supplying cane for the last five years at much cheaper rate and at most advantageous terms to the Company than Hospet ryots. These are the circumstances under which we are importing cane from Munirabad.

I sincerely hope that you will pardon me for the length of this explanation and that you will come to the rescue of the factory at this grave crisis in its life.

VMunal

No.127-T(7)/41.
GOVERNMENT OF INDIA
DEPARTMENT OF COMMERCE.

9964 A
7.4.41

New Delhi, the 3rd April 1941.

From

P. Mukherji, Esquire, B.A.,
Under Secretary to the Government of India,

To

The Secretary to the Government of Madras,
Development Department, Madras.

Subject: Appeal against Government of Madras Notification No.31, dated 14th January 1941, fixing minimum prices of sugarcane.

Sir,

In continuation of this Department telegram No.127-T, dated 25th March 1941, I am directed to forward, for disposal an appeal, in original, received from Indian Sugars and Refineries Limited, Hospet(Bellary District) against your Notification No.31, dated the 14th January 1941, fixing minimum prices of sugarcane in the Hospet area.

2. I am to request that the Government of India will be glad to be informed in due course of the action taken in the matter by the Government of Madras .

I have the honour to be,
Sir,
Your most obedient servant,

P. Mukherji 3.4.41
Under Secretary to the Government of India

Sc-No 1

APPEAL UNDER SECTION 3 OF THE SUGARCANE ACT TO THE GOVERNOR GENERAL IN COUNCIL FROM AN ORDER OF THE LOCAL GOVERNMENT DATED 6th Jan'41 IN RESPECT OF CANE PRICE NOTIFICATION PUBLISHED IN FORT ST. GEORGE GAZETTE, NO 31. Gazette DATED 14 Jan'41.

p.389 of (F)

****

From
MESSRS. THE INDIA SUGARS & REFINERIES,LTD.,
HOSPET, (BELLARY DISTRICT)

To
THE GOVERNOR GENERAL IN COUNCIL,
GOVERNMENT OF INDIA,
DELHI.

Thro' SIR.A.RAMASWAMI MUDALIAR,
COMMERCE MEMBER,GOVERNMENT OF INDIA,
DELHI.

The appellant, Messrs. India Sugars & Refineries Ltd., Hospet, beg to prefer this appeal from the Order of The Government of Madras, regarding the minimum price in the Hospet area, Bellary District, contained in their Notification No. ~~31C~~ 31. dated:14-1-41 issued under Section 3 of the Sugarcane Act of 1934.

F 389 of (F)
@ 2 after Heb further

1. The appellant factory is one of the ten Sugar factories situated in the Madras Presidency. The total production of these factories is about 60,000 tons, out of which the appellant factory produces only about 3,800 tons. While all the other sugar factories of the Province are free to make their own arrangements for the purchase of cane, the appellant factory alone

alone has been singled out by the Government of Madras to be subjected to the application of the Sugar Cane Act. This is presumably done to safeguard the interest of the cane growers in the Hospet area from being unconscionably exploited by the appellant factory. That this presumption is based on a fallacy is evidenced by the fact that Hospet has been a traditional gur manufacturing centre and vast area of land had been under sugarcane cultivation from time immemorial . Now nearly 10,000 acres of land are under cane cultivation and out of the total output of about 200,000 tons of cane only a fraction approximating to about onefifth is consumed by the appellant factory with its present crushing capacity of 400 tons during the short harvesting period ranging only from 90 to 100 days. One circumstance peculiar to this locality is that the whole sugarcane business is controlled by a handful of persons who are commission agents, landlords, politicians, gur merchants and money lenders, all in themselves and are financially strong and capable of exercising immense influence to the prejudice and detriment of the appellant company by creating difficulties in the supply of cane since they believe that our interests are conflicting. So, it is a case where the company has been exploited by some of the vested interests of the locality. This is amply borne out by the fact that even during the boom period for sugar the appellant company has been able to earn only very little profit on account of the high price of cane the company had to pay. Even though the factory started crushing operations from 1935 onwards, after incurring a continuous loss, we have been able to declare a small dividend of 4% in 1939 and 6% in 1940 and that without being able to make substantial provisions towards reserve to meet such

such contingencies as might arise after the removal of the Tariff Protection in 1946 (while more fortunately placed sister companies have given returns aggregating to twice or thrice the capital to their shareholders apart from building up substantial reserves.)

2. However, with the hope of coming to some satisfactory settlement and for stabilising the Company we have been untiring in our efforts to adopt a conciliatory attitude towards the local interests particularly that of the cane grower. Finally after protracted negotiations and as the outcome of a series of deputations the Government of Madras appreciated the force of our contentions and were pleased to withdraw all previous Notifications, by their Order dated 18th. October 1940. By virtue of this Notification of the Government, we had been enabled to make our own arrangements direct with the cane growers based on the fixation of a minimum price of Rs.7-4-0 per ton of cane together with a bonus calculated on the average price of sugar realised during the year. This laudable method is in consonance with the view expressed in para V of the Government of India Circular "that the cultivator should be admitted to some share of the profits resulting from the sale of sugar at prices in excess of those corresponding to the fair price worked out on the lines followed by the Tariff Board". This arrangement was very favourably received by the individual cane growers who came in large number to join hands with us. Unfortunately again on account of the agitation carried on by interested parties the Government of Madras have issued the Notification under appeal.

3. By this Notification the Hospet area where the appellant company is situated is again declared a controlled area and the appellant is required to effect full weekly settlement and to pay a price as specified in the schedule and calculated on the basis of the prevailing sugar price ir

in the Hospet market as notified every week by the Revenue Authorities of Hospet. By this, the Company is enjoined to pay the full price of cane to the suppliers every week irrespective of the fact whether the Company sells sugar or not.

4. Hospet is an out of the way place and it is beyond all bounds of reason that the prices current there should be taken as a safe criterion. Further, out of the monthly output of about 12,000 bags of sugar by the factory, the Hospet consumption is only about 300 bags. So the major portion of the Company's output is sold in outside markets at varying prices and this operates as a very serious handicap in as much as the factory though territorially located in the Madras Presidency has to sell its manufactured sugar mainly in markets situated in the Bombay Presidency where it has to compete with powerful concerns unfettered by any such restrictions as we are labouring under.

5. Another serious defect in reckoning the Hospet price as the standard one, is that the principal dealers of sugar in the Hospet market are the above mentioned gur merchants and local money lenders who can manipulate the prices of sugar in the market to their advantage and have it declared as they like. This Notification militates against the very spirit of co-operation and its concomitant benefits, and has on the other hand given the vested interests an additional handle to exploit the interests of the appellant factory.

This system was applied in United Provinces and Bihar and was eventually found to be impracticable and unworkable.

It is, therefore, prayed that the Government be pleased to view our case sympathetically and cancel the latest Notification of the Government of Madras dated: 14-1-41 which has again brought into force an inequitable system already discredited in other parts of India and thus save the appellant factory from the catastrophic plight in which it is placed.

P-389 of (F)

Hospet,
15th. January 1941.

For THE INDIA SUGARS & REFINERIES LTD,

V. Ramalingam
Managing Agent.

9, Stringers' Street,
Camp P.T. Madras.
7th April, 1941.

Ramalingam
Mg. Agent,
The India Sugars & Refineries Ltd.,
H O S P E T.

The Secretary,
Development Department,
Fort St. George,
M A D R A S.

Dear Sir,

The Board of Directors of the India Sugars & Refineries Ltd., in their meeting held on 6/4/41 at Y.M.I.A. Office, Madras, resolved that a revision petition regarding Government Notification dated 6/1/41 be filed before the Government for their kind consideration.

The petition is herewith submitted.

It was also resolved that a deputation consisting of (1) Mr. V. Ramalingam, (2) Mr. S.L.Mannaji Rao and (3) Mr. V. Sundaramurti from among the board of Directors and (4) Rao Bahadur Rajabadhar Mudaliar, the Vice president of the India Sugars Shareholders Association, should wait on the Hon'ble Mr. H.M.Hood to make representations regarding the cane price fixation question.

I request you to kindly let me know when it will be convenient for the Hon. Mr. H. M. Hood to receive the deputation.

Thanking you,

Yours faithfully,
For The India Sugars & RefineriesL
V. Ramalingam
Mg. Agent.

Enc.one

Petition to the Government of Madras in respect of their order dated 6/1/41 regarding price fixation of cane in Hospet taluk published in Fort St. George Gazette dated 14/1/41

From

The India Sugars & Refineries Ltd.,

H O S P E T.

(Bellary Dt.)

To

The Governemnt of Madras,

M A D R A S.

Through

Hon'ble Mr. H. M. Hood, I.C.S.,

Adviser to H.E. The Governor Of Madras,

M A D R A S.

S i r,

We, beg leave to submit the following for favourable consideration.

1. Out of a number of sugar factories working in the Madras Presidency the petitioners' factory alone has been singled out for restriction of its freedom by bringing it under the operations of the sugarcane act when the factory needed all freedom to contend against vested interest in developing business.

2. Hospet is a traditional jaggery manufacturing centre and of about 150 to 1,80,000 tons of cane grown in this area only a fraction, approximating to about one fifth of the total, is consumed by the petitioner factory. The factory's

VM

business therefore could have no tangible effect on the majority of cane growing ryots in the area. It must also be known to Government by this time that there are powerful local interests in Hospet between whom and the factory there is no love lost. The reason is obvious. The factory's interests are adverse to those of the local merchants, who were exercising a monopolistic control over the disposal of the whole crop, before the advent of the factory. This opposition on the part of the vested interests at Hospet against a corporate body like ours whom they deem to be their rivals has been the main cause for retarding the growth of the factory and for all the ever growing troubles there.

3. The result of the factory's working from the shareholders' point of view has been most disappointing. During the seven years of its existence the company could declare no dividend at all till only two years ago, when first a small dividend of 4% and then of 6% respectively were declared. The latter we were able to give last year when the factory earned a profit of about Rs.18/- per ton of sugar manufactured during the last season when their cost of production was Rs.287/- as against an average realisation of Rs.305/- by sale per ton.

Raw Material	144. 06
Depreciation, Incometax other taxes and Excise-duty	79. 39
Manufacturing and Management expenses inclusive of sales commission	63. 82
	287. 26

A comparative statement of this year's working per ton of sugar is as follows:--

1.	Cost of cane at Government rate based on Rs.280/- per ton as selling price of sugar i.e., Rs.10/- per ton for 11 tons (as 11 tons of cane is required to produce 1 ton of sugar roughly)	Rs. 110	0	0
2.	Depreciation, Incometax other taxes and excise duty (same as last year)	79	6	0
3.	Manufacturing cost and management expenses including of sales commission (same as last year)	63	10	0
	Increase in the cost of manufacture due to increase in price of manufacturing materials on account of War conditions. (Though the figure envisaged by the Sugars Manufacturers' Association on this account is Rs.20/-)	10	0	0
	Enhancement of Excise duty from Rs.40/- to Rs.60/-	20	0	0
		283	0	0
	Anticipated average realisation per ton of sugar justified by figures of competing factories and market conditions	255	0	0
	Likely loss per ton of sugar produced	28	0	0

The reason for our basing the average price at Rs.255/- is that one of our powerful competitors viz., the Kolhapur factory has sold the whole of their output for the season at Rs.250/- on a forward contract basis.

4. If so precarious is our existence during these years of tariff protection, our position should be still more disastrous at the end of the protection period and in the midst of powerful competitors.

The factory can be saved from this calamitous situation only by the Government generously revising their notification of 6/1/41 to suit actual conditions.

VK

5. When the ryots and sugarcane interests waited in a deputation on the Hon'ble Mr. H. M. Hood at Guntakal, the cane interest demanding a flat rate of Rs.12/- a ton and the company's interests offering Rs.8/- similar to the rate fixed in Bengal, the Hon'ble Member advised to adopt the same system of payment as is followed by Messrs. Parry & Co., in their Nellikuppam factory. Appreciating the fairness and justice of the advice to the grower and the manufacturer alike, we promptly adopted the same and made arrangements accordingly for the season and took agreements from our suppliers of cane. Unfortunately the notification of 6/1/41 has set at nought the whole arrangement based as above, involving a huge loss to us.

The average price of sugar in Hospet according to the weekly declaration by the Revenue authorities is about Rs. 280/- and the price of cane to be paid on this basis as per schedule is Rs.9/14/5 per ton whereas the maximum rate estimated according to our experience and anticipation based on expert opinion would be Rs.255/- which works out at Rs.8/12/4 per ton for this season. The difference of Rs. 1-2-2 we have to pay the ryots thus resulting in a loss of over Rs.40,000/- in the price of cane alone as we have crushed about 38,000 tons of Hospet cane.

6. The present system of the fixing of prices by the revenue officials weekly requires a radical change in view of all the interests involved. The following factors are relevant:

(a) A weekly fixing of the cane prices based on sugar price of the locality cannot represent a true relationship between the cane price and the sugar price as the main output

VK

of the factory finds its market in the Bombay Presidency, in the Nizam's dominions and some of the adjoining districts. The local officials are guided entirely by the price announced in the local market and such data will obviously be incorrect and misleading. A variation of prices weekly, will have the inevitable consequence of leading the ryot to speculate at the instance of the vested local interests and work against a steady and regular supply of cane to the factory thus jeopardising the working of the factory itself.

(b) A weekly settlement of prices and an enforcement of prompt payment would naturally ignore the fact that sugar produced in a particular week is not sold during that week and an enforcement of payment would work out an unfair and highly inequitable arrangement.

(c) The weekly system gives the inimical vested interests considerable room to inflate prices which the local officials cannot easily detect.

(d) The compulsion to pay for cane on the current market price can only result in the winding up of our factory as we shall not be able to continue working at all, if the price should go down and our stocks are not sold immediately during crushing. We take a whole year to clear the stock. If the price that we realise for sugar should be less than the price paid for the cane we court certain ruin and loss. This is what happened at Bihar and U.P. as a result of which they abandoned the current price principle.

7. The payment of a minimum flat rate at the time of the supply of cane and a bonus at the end of the financial year, based on the average price realised by the sale of sugar, will

VTA

be just and equitable, both to the cane grower and to the factory owner. The underlying principle of this scheme is that the ryots are to share the profit with the factory thereby creating a spirit of co-operation between the manufacturer and the supplier. It is worth mentioning that the ryot is not new to this system of payment. The practice of paying an initial price and then finally settling the account after the sale of the produce, has been in vogue from time immemorial. The merchants with whom the ryots deal in the matter of their jaggery adopt the same practice in settling accounts with the ryots.

8. In consideration of the facts above set forth it is prayed that the Government be pleased to remove the restrictions imposed on us by its Notification dated 6/1/41 and allow us to adopt the principle of minimum flat rate plus bonus as suggested by the Central Government. We are perfectly willing to adopt any course advised by the Government which while assuring a fair price to the cane growers would save also the factory from exploitation and ruin.

Yours faithfully,
FOR THE INDIA SUGARS & REFINARIES LTD.,

V. Ramalingam

Managing Agent.

M a d r a s.
7th April, '41.

Pl issue today
7.4.41
Dept. by messenger
7/4/41

Devt.

Letter No. 7400 A/41-3 Dt. 7.4.41

To

Sri V. Ramalingam
Managing Agent
The Indian Sugars and Refineries Ltd (Hospet)
No. 9, Stringers' Street
P.T. Madras

Sir,

With reference to your letter dated 7.4.41 regarding the waiting of a deputation on the Secretary Adviser to H.E. the Govr. of Madras on the question of minimum price of sugarcane, I am directed to state that Mr. A.M. Hood C.S.I, C.I.E, I.C.S will receive the deputation ~~on 9.4.41~~ at 11 A.M. on 9.4.41 at the Secretariat buildings, Fort St. George

I have etc

V. 7/4

Dis
7.4.41
7/4/41

Ramalingam

Mg. Agent,
The India Sugars & Refineries Ltd.,
H O S P E T.

9, Stringers' Street,
Camp P.T.Madras.

8th April, 1941.

The Secretary,
Development Department,
Government of Madras,
M A D R A S.

S i r,

Subject: Our petition to the Government of Madras dated 7-4-41 - Re. Government Notification fixing minimum price of cane.

PP93-103 above

We beg to enclose herewith copy of a letter received from the under Secretary to the Government of India relating to the above subject.

D.109 below

Yours faithfully,

VK Ramalingam

Mg. Agent.

No. 127 T (7) / 41.

Govt. of I n d i a

DEPARTMENT OF COMMERCE.

New Delhi, the 3rd April, 1941.

From

P. Mukherji Esq., B.A.,
Under Secretary to the Govt. of India,

To

Messrs. Short Bewes & Co.,
Advocates and Notaries College Buildings,
Esplanade Row, Madras.

Subject:- Appeal against Government of Madras Notification No. 31 dated 14th January, 1941, fixing minimum prices of sugarcan

8.389(F)

Gentlemen,

With reference to the correspondence ending with your telegram dated the 11th February, 1941, I am directed to say that the Sugarcane Act, 1934, (XV of 1934) was amended by the Government of India (Adaptation of Indian Laws) Order, 1937 and that under the Act as amended there is no provision for appeal to the Governor General in Council against the decision of a Provincial Government to fix minimum prices for the purchase in any controlled area of sugarcane intended for use in any factory. The appeal preferred by Messrs. The India Sugars and Refineries Limited, Hospet, against the notification of the Government of Madras has consequently been forwarded to the Provincial Government for consideration.

I have the honour to be,
Gentlemen,
Your most obedient servant,

Sd/----------

3-4-1941.

Under Secretary to the Government
of India.

M1

ASSISTANT SECRETARY TO GOVERNMENT
10 APR 1941
DEVELOPMENT DEPARTMENT

9, Stringers' Street,
Camp P.T.Madras.
10th April 1941.

From
V.Ramalingam,
Managing Agent,
The India Sugars & Refineries Ltd.,
H O S P E T.

To
The Hon'ble Mr.H. M. Hood,
Adviser to Government of Madras,
Fort St. George, M A D R A S.

S i r,

1 On behalf of the deputationists I thank you for the patient and sympathetic hearing you were pleased to give us.

2 We beg to state that we propose to pay off the ryots according to the notified rates irrespective of the result of our discussions with the Director of Industries, regarding the price of Sugar " Realised on rails at Hospet" as it will take some ten or twelve days to effect complete settlement.

3 In the meanwhile we request that the Government be pleased to withdraw the prosecutions started against us and now pending before the Sub Divisional Magistrate, Hospet. If this cannot be done pending the report of actual payment we pray that the Government be pleased not to oppose the short adjournment we propose to ask.

Yours faithfully,
For The India Sugars & Refineries Ltd.,
V Ramalingam
Managing Agent.

Development Department,
Fort St.George, Madras,
10th April 1941.

P.111 above

My dear Crombie,

I am to enclose copy of a petition received by the Government from the Managing Agent, The India Sugars and Refineries Limited, Hospet, in which he has proposed to pay off the ryots according to the rates notified by the Government and has requested the Government to withdraw the prosecutions and in any case not to oppose a short adjournment which they propose to ask for at the next hearing.

It is understood that the hearing is on the 16th April and I am directed to request you to instruct the Prosecutor not to oppose the application for adjournment which the Managing Agent may make. The question whether the prosecutions should be withdrawn or not will be considered by the Government after the Managing Agent has made payments up-to-date according to the Government's notification.

Yours sincerely,

Desp in sealed Cover 10/4/41

A.D.Crombie Esq.,C.I.E.,I.C.S.,
Collector of Bellary,
BELLARY.

K.M./10-4.

Call 10/4/41

The Second Advisor

Government of Madras.

Madras.

ASSISTANT SECRETARY TO GOVERNMENT
16 APR 194-
DEVELOPMENT DEPARTMENT

10678 A/41
16-4-41

Honoured Sir,

Subject:- Mahajar-cane ryots-Hospet Tq- Hospet Sugar factory management and behaviour queer and coercive-cane suppliers put to troubles and damages-request remediable measures.

1. We the signatories (cane ryots of Hospet, Kamalapur, Malapanagudi, Chittawadgi, Amaravathi etc villages) beg to submit the following regarding some of the happenings in the affairs of cane supply to the factory for your kind consideration and necessary action.

2. After our President's last letter dated10-2-41 praying for the extention of factory working season till the end of April, things went on well till 7-3-41. On 25-2-41 Mr, V.Ramalingam the Managing Agent of the factory called on our President, the Secretary of the Hospet Cooperative Loan and Sale Society and other influentiol persons at Mr, Bellada Chennappa's shop and tried to bring about a compromise between the factory and the cane suppliers by suggesting a basic rate of Rs 7-4-0, and 0-12-0 as advance bonus and the balance of bonus after September 1941 and ~~thus~~ The elimination of the Government control. The representatives could not commit themselves to this suggestion without cosulting and getting a free consent of the real cane growers. The next evening a meeting of the ryots was called upon and the proposal as suggested by the Managing Agent of the factory was explained. The ryots did not agree and were quite against the eliminatio of the Government control.

3. From 8-3-41 to 15-3-41 (both days inclusive) cane supply to the factory was stopped as some of the ryots were driven out of the factory previously, for their refusal to submit to the pressure brought to bear upon them by factory people that the suppliers should consent to receive a rate of Rs 7-4-0 for their supplies made in this season and

in this season and also for the next season and further, to sign a declaration that the Govt control is unnecessary (vide our wires dated 11th & 12th March 1941).

4. On 9-3-41 influential ryots who commanded heavy supplies of cane to the factory, ~~and~~ congregated and decided to discontinue the supplies until the factory agree to receive cane at the Govt rate without giving any trouble to the suppliers or cartmen. This decision was taken consequent to the dishonour ~~to the~~ meted out ~~by~~ to the cane suppliers of the Cooperative Society attached to the factory and the unreasonable and ugly ~~pleasure~~ pressure (vide para 3 above) brought on them.

5. On 10-3-41 evening, a huge meeting of cane growers was called on by Mr, N.Chennaveeriah, Secretary, the Hospet Cooperative Loan & Sale Society, who was specially requested by Mr, V.Ramalingam to conciliate the suppliers, and arrange to continue their supplies on the assurance that the factory would no longer trouble them with questions of rate etc. As there was a standing crop of 2500 acres of cane, the ryots naturally were eager to supply, and relying on the verbal assurance conveyed through the said Secretary Mr, N.Chennaveeriah called off the strike. Immediately after the meeting Mr, N.Chennaveeriah and Mr, P.Ramachandra Rao and two other Gentlemen went to mr, V. Ramalingam (at about 7-30 P.M) to inform him about the successful result of his mission.. Good many ryots also had followed them to the Factory to know the final result. But to the surprise of one and all Mr, Ramalingam denied of his having requested Mr, Chennaveeriah to act as conciliator, and refused to receive the supply of cane until his stipulations were agreed to. Knowing this vexatious result the ryots who were anxiously waiting at the Factory again formed into a meeting at about 8-30 P.M ~~in~~ and reconfirmed their resolve to continue the strike.

6. On 13-3-41 as our good luck would have it the Dt Collector camped at Hospet. We represented to him all our troubles including the purchase ~~of~~ of cane by the Factory from Munirabad (Nizam's territory) beyond the Con
Trolled

Beyond the controlled area. The Collector in reply to our representation said that he could help us so far the Sugar Cane Act and Rules there under could permit him, and as regards the settlement of the bills he could do nothing but advice the suppliers to go to the Civil Court. This set all the suppliers thinking.

7. During the period of strike the Factory people tried their utmost to undo it. They forced the identity tickets upon some innocent suppliers stelthily during nights, but all their efforts failed and the strike went on till the night of 15-3-41. On 16-3-41 again the old game of conciliation with the mediation of the same Mr, Chennaveeriah took place, and on a definite promise by Mr, Ramalingam that cane would be taken without any hitch or hindrance, supply was resumed.

8. On 17-3-41 when one Kudri Ramappa took 2 cart loads of cane to the factory the cane was thrown down at the instance of Mr, Ramalingam on the pretext that the cane was full of trash, tops and bottoms though the cane was of usual quality. All this was shown to Mr, Chennaveeriah and some others to instruct all the suppliers to bring good cane. Subsequently Mr, Chennaveeriah issued printed notices to all the suppliers to get clean and good cane free from tops and trash. Accordingly supplies went on smoothly till the evening of 19-3-41.

9. On 20-3-41 the supply of about 100 cart loads of cane from Kamalapuram section made a History. From the month of february Mr, Deshmani (Cane Superintemdent) was in charge of the arrangements of cane supply. Generally allotments were made every Monday to run till the week end, and the identity tickets were being sent to Kamalapur before 9 A.M and distributed to the respective suppliers. In the early hours of night on 18-3-41 a list showing allotment , in the writing of Mr, Deshmani amounting to 186 cart loads of cane was handed to Messers 1 Ranga char, 2. Hussain peersaheb(representatives) of Kamalapur section with the assurance that the allotment would run till the week end and that the I.Ts would be sent as usual the next day with any one of the Factory Supervisors. Accordingly the

I.Ts were distributed to the suppliers and the cane was sent to the Factory on 19-3-41. On night of 19-3-41 no instructions were sent to the suppliers of Kamalapur section not to harvest their cane for 20-3-41; but on 20-3-41 at about 9 A.M one Mr, Vinayak a Supervisor of the Factory came to Kamalapur and informed the suppliers to their surprise not ~~to~~ to harvest and cart cane to the Factory. In the absence of intimation on the evening of 19-3-41 a quantity of about 100 cart loads of cane had already been harvested by 9 A.M on 20-3-41 and it was sent to the Factory. But further cutting of cane was stopped.

10. The above 100 cart loads of cane reached the factory at 2 P.M. on 20-3-41, but they were not allowed to enter the cane yard and were made to wait on the road side outside the factory. The cart men and the suppliers who were present requested the factory authorities to receive that cane as it had been cut relying on the previous day's allotment (list) which would normally run till the next Sunday, in the absence of some definite instructions. The requests of the cartmen and the suppliers were not conceded. At 5 P.M (on 20-3-41) Mr, Ramalingam went round the cane ~~yard~~ (road) carts as if he ~~in~~ was inspecting the cane and informed some of the suppliers that he would not receive any cane and that the Factory would be closed on and from 21-3-41. At about 8 P.M Mr, Deshmani who was out to Hampi returned to the Factory. He too was requested to take delivery of the cane. Mr, Deshmani after a talk with Mr, Ramalingam came to the cane office and informed ~~the~~ all the suppliers including the suppliers of Kamalapur section that the Factory would be closed once for all from 21-3-41 and no cane including the waiting 100 cart loads of cane of Kamalapur section would be taken. The suppliers once again approached Mr, Ramalingam and requested to take only the waiting 100 carts but in vain. Hence the carts had to remain ~~the~~ there throughout the night.

11. On the morning of 21-3-41 at about 10 A.M one Mr John one of the Supervisors of the Factory approached such of the few carts men who held identity tickets and collected them telling

that the tickets would be returned after being signed by the concerned officer of the Factory. The cart men in good faith handed over the identity tickets and kept on waiting for the return of the tickets and weighments etc. Meanwhile the Sub Inspector of Police Town came on the spot and threatened the cartmen with action under Traffic rules. After the cartmen related their story to the Sub Inspector of Police , Mr, Ramalingam personall came to the scene and returned the I.Ts which were taken by John to the cartsmen and permitted the carts into the cane yard Such of those carts which had no I.Ts were ordered to be removed to the open field opposite the Factory and the Sub-Inspector left the scene. Then the carts inside as well as out-side the yard having waited till 5 P.M on 21-3-41 (ie 36 hours) and finding no way out, got disgusted and under instructions of the suppliers that were present there returned home with the load of cane.

12. On 20-3-41 one Parvathamma of Chittawadgi had taken three cart loads of cane to the Factory. These were weighed and discs issued. Just before unloading Mr Ramalingam came to the spot and ordered the cartmen not to unload the cane and instructed the supplier Parvathemma to take back the carts, telling her that the ~~was~~ cane was of bad quality. Parvathemma protested against this treatment (after weighment) and went home leaving behind the loaded cane carts in the yard only. On the morning of 21-3-41 Parvathamma was called to the Factory by MR, Rama-lingam and was again directed to take away her cane. On her refusal the carts were removeed from the yard by the Factory coolies under orders of Mr, Ramalingam .

13. On the evening of 23-3-41 during the interview of the President and Secretary Of the Hospet Ryot'S Association with the Deputy Director of Agriculture, Mr,Ramalingam, the Managing Agent of I.S & R Ltd happened to come there and during the course of his talk informed the Deputy Director that the Factory has been closed on and from 21-3-41 once for all for the year 1940-1941. The Deputy Director questioned Mr,

V.Ramalingam why the Factory was closed so early and suddenly when there was a lot of cane (Even ~~plated~~ planted variety can available and when the ryots were eager and ready to supply the full requirements at the Government's rate only. Mr, Ramalingam told the Dy Director that he ~~was closing~~ had closed the factory as he could no longer pay the fictitious price fixed by the Govt for the cane. But to the surprise of one and all canes of even inferior quality from Munirabad (Nizam's territory) were purchased and crushed till 25-3-41 or so, rejecting good canes from the very controlled area offered at the Govt rate.

14. On 24-3-41 all the cane growers met the Dy Director of Ag? and represented their grievances. The Dy Director advised them that it has become quite inevitable for the cane Growers to speed up their arrangements immediately to crush the standing crop and prepare jaggery, in view of Mr Ramalingam's statement regarding the final closure. He assisted the cane growers in ordering for power crushers from the Industrial Department.

15. The prosecution case against the I.S & R Ltd stood posted for 28-3-41, and the result was very anxiously awaited. But unfortunately it is adjourned to 16-4-41, ~~and~~ it is said, owing to inability of the Prosecuting Inspector to attend the Court due to death of his mother. Delay has its own peculiar effects on the minds of the anxious cane growers to whom ~~ear~~ immediate settlement of their long delayed bills is of paramount interest. The situation is silently suffocating to all concerned with sugarcane.

16. On or about 1-4-41 there was an exchange of telegraphic communications and also a telephone talk between one Mr, P. Nagalingiah an influential and big supplier of cane to the factory, and Mr, V.Ramalingam at Madras as a result of which it was suggested that in case the ryots adopted a resolution as stated below, the Factory Authorities were ready to reopen the factory and crush all the remaining cane.

Substance of the resolution suggested.

To,

The Secretary , Development Department

Government, Madras.

Heavy acerage of cane still standing uncrushed. Factory closed. Request Government to fix a rate economic to the ryots and the factory to enable the latter to crush all our cane."

Ryots, cotrolled area, Hospet

10. We the cane growers and many other important people like Mr, M.V.Swamy, Chairman Municipal Coucil Hospet, Mr, N. Chennaveeriah, the Secretary, Hospet Cooperative Loan and Sale Society, Mr, K.Sangappa, Municipal Councillor and many important and influential big suppliers etc met in the evening at the Public Town Reading Room on 2-4-41 and carefully ~~suggested~~ cosidered the suggested resolution. The meeting felt constrained to discern disatrous imlications in the said resolution, refused to adopt it , and dispersed without even willing to record it, but requested the President Ryots' Assn to intimate the Governmemt if necessary of this injurious move of the Factory to implicate the ryots even after the gates of the factory ~~ag~~ were purposely banged against repeated requests of the very ryots, causing incalculable loss and indescribable trouble to the entire cane concerned population of the Controlled area.

18. We also learn that a propoganda by the factory to the effect that identity tickets for supply of cane would be issued to such persons only who would become members of the Sugar cane Growers Cooperative Society, (attached to the Factory) resulted in the enrollment of a large number of members , but to no purpose, except increasing the share capital of the said Society.

19. Thus the actions of the factory authrities are all designed to get round the cane suppliers to acquiesce in the factory's following harmful proposals ~~of~~ :

(1) Elimination of Government control over the Factory.

(2) Acceptance by the suppliers of the principle of a basic rate of Rs 7-4-0 and a bonus (which is uncertain) after September.

20. Our hearts under the circumstances, are seething with sorrow when we ponder over the fact that this whole deplorable episode could have been easily avoided had the Factory authorities only made up their minds to help the ryots in this critical season by acceding to their request to work the factory till the end of April only, (as the factory originally intended to do)and offering only the Government rate which is probably the lowest rate under the circumstances when compared with the rates of other factories voluntarily offered and minimum prices fixed by the other Governments in India.

21 Leaving aside even the cane growers aspect of the problem, is it not a wonder that the factory authorities have wantonly rejected every chance of getting ~~the factory~~ immensely profit~~ted~~ to the factory, by purchasing cane at low rates (the Govt's rate) and selling sugar at high rates under assured markets at its very doors Did the factory authorities fear ~~are~~ or were unwilling by a such a step (Extension - crushing season- till- end - of April) to render possible (1) immense and assured profit to itself with ease (2) an escape for the ryot from his huge acreage (3) a good income to the Govt by way of Excise Duty and (4) some extension of employment to a good number of people.

22. This unwise step of the ~~factory~~ J.S.&R. in closing the factory early and unexpectedly, cannot but engender in the minds of all concerned, deep concern as to why and what for did the factory authorities so purposely let happen this ~~as-it-is~~ tragedy which should and could easily have been avoided on either or both the principles of good business and practicable humanity.

23. We therfore request the Government to kindly institute regular enquiry, and make arrangements to compensate our loss and to take steps to get our dues with interest from the factory from 13-1-41 on which date the sugar rate was first started to be notified week after week as per Govt Notification.

24 We further most humbly beg and implore the Government to kindly look into this entire cane problem which is the very breath of our economic life of this controlled area, and take early steps to remedy the malady and lay good foundation for, the prosperity of all concerned with sugarcane cultivation.

For which act of kindness we shall ever remain grateful

Thanking your Honour~

We beg to remain,

Honoured Sir,

Your most obedient servants.

Hospet.

D/10-4-41.

Copies submitted to:

1. The Director of Agl Madras.
2. The Registrar of Coop. Societies, Madras.
3. The District Collector, Bellary.
4. The Sub Collector, Hospet.
5. The Dy Director of Agl. Cuddapah.
6. The Asst Director Of AGl. Bellary.

Signatures:-

132

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

N. [illegible]

[illegible]

[illegible]

Kamalapur Section Ryots

Chandrappa
President Ryoti Sangha
Kamalapur

B. Narasigachi

B. Ramachandra

P R Venkata Rao.

Hanumanthachar
B. Samachar

Lt.
Lef. mora of
Honour Patel

10812 A Camp P.T.Madras.

17-4-41

M. 'Agent,
The India Sugars & Refineries Ltd.,
HOSPET.

17th April, '1941.

Hon'ble Mr. H.M.Hood,
Adviser to H.E. The Governor of Madras,
MADRAS.

Sir,

p.111 above

In continuation of my letter of the 10th inst., I beg to forward a copy of the letter addressed to the Director of Industries and Commerce.

pp.143-145 below

I request that the matter may be sympathetically examined by the Government. I need not add that this is a matter of vital interest to a struggling Indian Industry which it is the avowed object of the Government to foster and encourage.

Yours faithfully,

V Ramalingam

9, Stringers' Street
Camp P.T.Madr

Mg.-Agent,
The India Sugars & Refineries Ltd.,
H O S P E T.

10611 A
7-4-41

17th April, '41.

The Director of Industries & Comr
M A D R A S.

S i r,

With reference to our conversation the other day I am addressing the following letter.

Hon'ble Mr. H.M.Hood, Adviser to his Excellency The Governor of Madras, was pleased to receive a deputation on behalf of India Sugars & Refineries Ltd., Hospet, on 9/4/41. In our discussions, amongst other things, the price of sugar in the light of explanation 2 of the Development Department Notification No. 31 dated 6/4/41 was referred to and he directed us to take up the matter with the Director of Industries and Commerce.

We beg to make the following representation with regard to exact scope of the said notification.

Explanation 2 provides that the price of sugar shall be the price realised by rails at Hospet.

We regret that owing to misapprehension this fact was not promptly brought to the notice of the Director then and there.

We request that the figures already notified by the Director may be carefully examined in the light of the accounts maintained by the company. We are prepared to place all our accounts at the disposal of the Director or any Officer whom you may depute for the purpose, and help him to determine the price actually realised. In the alternative we shall be glad to produce a statement of prices realised by us certified by Messrs. Fraser & Ross, Chartered Accountants, Madras.

In the circumstances we request that the prices notified may be examined afresh.

Yours faithfully
FOR INDIA SUGARS & REFINERIES LTD.,

(true copy)

Mg. Agent.

C.D.S.

Secretary
17/4/44

PP 115-116 C.F.

Tr
17/4

PP 113-115 C.F.

DD 17/4

To Head A. (Copy sends A-P 131 C.F. for info)
D. D and E. with A-115-131 C.F.
Copy of the Notes
Copy to the Chief Engineer
R 2.5.1944.

Rev. Deptt

Agriculture - Sugarcane Minimum price - Payment of dues by the Hospet factory Ref. Notes of 10.4.44 from the Cane Agts of Hospet etc. Villages

Secd. No. 7600 A/44 - 40 17-4-44

Referred to the D.A. and D. D and E for detailed report with Letter dated 1.5.44.
2 The D. D and E as also requested to furnish Copy with a Copy of the Reply to the Managing Agent of the India Sugars and Refineries Ltd Hospet & Letter with reference to their Letter dt 17.4.44

17/4/44

74
17/4

INDUSTRIES AND COMMERCE . **DEPARTMENT.**

Received ..... 19 . *Registered* 10980 A 19
21.4.41

Subject.

Agriculture - Sugarcane - Minimum price - Payment of

U

ENCLOSURES.
No.
Spare copies

No.

Station Madras, *Dated the* 19th April, 1941

From (Name) L.B. GREEN, Esq., O.B.E.,
(Designation) DIRECTOR OF INDUSTRIES AND COMMERCE.

To The Secretary to the Government of Madras,
Development Department.

Sir,

P-147 above. Reference:- Government Endorsement No. 7400-A/41-4 dated 17th April, 1941.

PP-115-131 above I am not in a position to offer any useful remarks on the mahazar from the cane ryots of Hospet Taluk. The Collector is in the best position to enquire into the various statements made in the mahazar if Government consider it worthwhile to enquire into them. There is one point, however, on which I think enquiry might be made and that is in regard to the question whether the management was justified or not in closing down the factory for the season on the 21st March 1941 owing , it is alleged, to the deteriorated quality of the cane rendering crushing uneconomical and unremunerative. It is the case that the cane supplied to several of the sugar factories in Madras is often deteriorated towards the close of the crushing season to an extent which ~~requires~~ renders crushing unremunerative. When the relations between the management of a factory and the ryots are amicable and cordial, the factory sometimes crushes cane at the end of the season when it is not economical to do so owing to the decreased sucrose content.

This

This is what happened in the Nellikuppam ~~one~~ and this year when Parrys continued crushing when the recovery of sugar from the cane did not justify it. They did this in order to assist the ryots to dispose of their surplus cane. It is not possible, however, to insist on a factory crushing cane before it is mature in the early part of the season and when it has deteriorated at the end of the season. The remedy is to introduce early and late ripening varieties of cane which will enable supplies of cane to be spread uniformly over as long a season as possible. I consider that the Director of Agriculture should be addressed as to whether or not the Hospet factory was justified in discontinuing crushing operations when it did. I understand that the Director of Agriculture isaway on tour and will not return until the 24th April. I gather from a telephonic conversation which I had with the Head-quarters Deputy Director of Agriculture that in the opinion of the local Agricultural Officers crushing work could have beencontinued at Hospet for sometime longer. I consider that the Director of Agri culture should be consulted formally in regard to this.

A

2. I do not propose to send at this stage any reply to the letter of the Managing Agent of the India Sugars and Refineries Limited, dated 17th April 1941, to which reference is made in paragraph 2 of the Government Endorsement under reference. It is the case that under Explanation (2) of the Notification issued in G.O.Ms. No. 28, Development, dated 6th January 1941, the price of sugar specified in column 2 of the schedule shall be the price realized on rails at Hospet for one ton of white sugar, the implication being that it is the price realized by the factory. As Government are aware the price actually realized by the factory is,a subject of controversy as Mr. Ramalingam contends that the prices realized by the factory are substantially lower than the prices on rails at Hospet as reported by the Tahsildar and confirmed by the Director of Industries and Commerce. Messrs. VolkartBrothers are the selling agents for the India Sugars and Refineries Limited and I append a statement obtained from the former showing the sales of sugar effected by them to the various stations from December 1940 to March 1941:

× pp. 143-145 above (F) p. 389 (X) 8.147 a.m.

Bagalkot	4582
Gadag	3418
Bellary	1445
Hubli	5181
Guntakal	1150
Nandyal	859
Kurnool	762
Adoni	743
Yerraguntla	416
Tadpatri	241
Narayanapet Rd.	65
Yadagiri	32
Raichur	32
Savanur	32
Gadwal	42

	19000 Bags.

of 2 cwts sugar - see p 3 of (I)

I also append a statement received from Messrs. Volkart Brothers showing the weekly average price realised per bag f.o.r Hospet from December 1940 to the beginning of April 1941. It is understood that these rates are the prices actually paid by Messrs. Volkart Brothers to the India Sugars and Refineries Lmited.

Sales for the week ending.	Average price realized F.O.R. Hospet.	Av. price realized per ton
14th December 1940	Rs. 26-6-2.	Rs 264
21st " "	" 26-6-9.	Rs. 264
28th " "	" 27-5-5.	Rs. 273
4th January 1941	" 26-7-11.	Rs. 265
11th " "	" 26-13-11.	Rs. 269
18th " "	" 26-2-11.	Rs. 262

realised per ton

25th January 19 41	Rs. 26-13-5.	Rs. 268
1st February 1941	" 26-13-2.	Rs 268
8th " "	" 26-12-4.	" 268
15th " "	" 27-0-4.	" 270
22nd " "	" 26-15-3.	" 270
1st March 1941	" 26-12-4.	" 264
8th " "	" 26-15-7.	" 269
15th " "	" 26-13-9.	" 268
24th March 1941	" 26-6-0.	" 264
29th " "	" 26~~29~~-7-2.	" 264
5th April 1941.	" 26-2-11.	" 262

I append a further statement showing the prices published under the authority of the Director of Industries and Commerce at the office of the Tahsildar of Hospet, for the dates nearest to those in respect of which prices have been supplied by Messrs. Volkart Brothers:

Date	Wholesale price of sugar at C.O.R. Hospet per ton
13th January 1941	Rs. 281-4-0.
20th " "	276-4-0.
27th " "	276-4-0.
3rd February 1941	277-8-0.
10th " "	277-8-0.
17th " "	277-8-0.
24th " "	277-8-0.
3rd March 1941	280-0-0.
10th " "	277-8-0.
17th " "	278-12-0.
24th " "	278-12-0.
31st " "	278-12-0.
7th April 1941	278-12-0.

3. Mr. Ramalingam has informed me by telephone that he is arranging to produce statements of prices realized by the India Sugars and Refineries Limited as certified by Messrs. Fraser and Ross, Chartered Accountants and I am addressing the latter as to when they will be able to supply the certified statements. I am also enddavouring to obtain information as to the prevailing wholesale prices of sugar at Bagalkot, Gadag and Hubli on the different dates.

I have the honour to be,
Sir,
Your most obedient servant,

Director of Industries and Commerce.

Dev.

End.No. 7400 A/41-5 dt 28-4-41

Agriculture – Sugarcane – Minimum price – Payment of dues by the Hospet factory – Mahazar from cane growers dt 10-4-41 – Ref end.No. 7400 A/41-4 dt 17-4-41

27/28.4

P-147 C.F.

A copy of letter from the D.I.C. No. Nil dt 19.4.41 with reference to the end.th quoted above is forwarded to the D.A. He is requested to offer his remarks on the point raised in para 1 of the letter, when sending his report on the cane growers' mahazar.

Pp. 149-151 C.F.

Pp. 149-150 C.F.

To the D.A. 28/4

(with copy of pp. 149-151 C.F.)

R'D. 7.5.41

154

Telegram (Express)

Collector

Bellary

Your letter dated ~~22~~ 26.4.41 regarding Hospet Sugar factory. Correctness of the subjoined figures is under ~~discussion~~ correspondence between Director Industries and Managing Agent. Director awaiting certified statement of factory accounts. Court may be kept to proceed with case.

Telegram issued. Dis 29.4.41.

P.C-to-go.

P.C. despd. 29.4.41

CM
29.4.41

D.O No. 7600-A/41 dated 29.4.41

My dear Green,

I am to enclose copy of letter (Confdl) C. no. 502/41-B3 of 26.4.41 from Coll of Bellary, to Mr Melville, he is being informed of the present position as reported in your letter (para 3 of no. cited) of 19.4.41 and instructed that the Court may be kept to proceed with the case. He would be glad if you could get the matter of prices settled as expeditiously as possible. The Managing Agent had asked only for a few days' time for this and if he was anxious to have the matter settled quickly, it ought not to have taken so long for him

⊗ Coll ? Dec

despd 29.4.41.

Confidential

C.No.502/41-B3.

Kudligi Camp, -
(Bellary district),
26th April, 1941.

My dear Karunakara Menon,

Sugar Cane Act - Hospet Sugar Factory.
Your D.O.7400-A/41 dated 10-4-1941. --

I enclose a copy of Part I, para 6, of the report of the Bellary District Agricultural Officer dated -- 24-4-41 to the Director of Agriculture, on the mahazar dated 10-4-41 from the ryots, and a copy of an extract of the Hospet Sub Collector's fortnightly report which deals with the same subject. It appears evident that the Managing Agent is only playing for time and has no intention of implementing his promise to pay the rates fixed by Government. In the circumstances, I recommend that the prosecution should be proceeded with immediately.

Yours sincerely,

To

Rao Bahadur C.P.Karunakara Menon,
Secretary to Government,
Development Dept.,MADRAS.

Extract from the Fortnightly Report of the
Sub Collector, Hospet.-

Discontent among the ryots against the Sugar Factory is increasing. I think the criminal case against the Factory should be decided soon. Last time I gave an adjournment because the - Deputy Director of Agriculture told me that the Manager had promised to pay the difference to all the ryots in one week. My impression is that the Manager does not intend to keep his promise. He is merely playing for time. If there are one or two adjournments like this, the ryots would be badly discouraged. If, on the other hand, the case is pushed through and decided against the Manager, all the ryots will immediately sue him in a Civil Court and seek the redress which they deserve.

(Rec'd Fee Comm'd)

Copy of Part I, Para6, of the report of the Bellary District Agricultural Officer dated 24-4-41 to the Director of Agriculture.-

---

6. The sliding scale of minimum prices for sugar cane purchased in the Hospet area was notified in Fort Saint George Gazette dated 14th January 1941. The Managing Agent did not settle the accounts of cane vendors at the rates fixed, but paid only Rs.7-4-0 a ton of canes, the basic rate when the sugar price is at Rs.220/- a ton or less, to such of the growers who demanded payment. He put off the payment of the balance on the plea that the fixation of minimum prices by the Local Government was subject to the control of the Central Government and that he had appealed to the Government of India against the notification of the local Government. When this was represented by the cane vendors, sanction was obtained from the District Magistrate, Bellary, for prosecuting the Manager of the factory for non-compliance with the Sugarcane Rules and cases were filed in the Joint Magistrate's Court, Hospet. The cases were posted to the 16th April 1941. Meanwhile the Managing Agent gave the Government an undertaking to pay off the cane suppliers at the notified rates and requested the withdrawal of the prosecutions. He further prayed in his application dated 10th April 1941 that the prosecution should not oppose the short adjournment of 10 or 12 days that he was applying for to the Joint Magistrate, for settling the accounts of the cane suppliers for the season. The cases have been adjourned to the 30th of April. It is now more than 12 days since he made his application to Government and no action has been appears to have been taken to pay off the cane vendors. No announcement of such intention has been made to the cane suppliers and nobody has been paid. The Managing Agent has meanwhile served notices to all the servants of the factory terminating their services from 30th April 1941.

540 No.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

MADRAS 28 APR 41

X PB 00 TAC AMUND S 28 STE 13 ASSISTANT

SECRETARY DEVMENT MADRAS

SEND HOSPET SUGAR FACTORY

FILE

DEVMENT

Send herewith

15/12 207

28.4.41

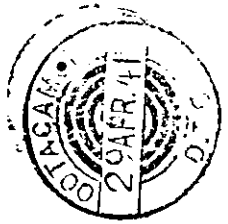
The sequence of entries at the beginning of this telegram is—class of telegram, time handed in, serial number (in the case of foreign telegrams only), office of origin, date, service instructions (if any) and number of words.

This form must accompany any enquiry respecting this telegram.

MGIPPAb.—

I. R.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.



O MD MADRAS U 29 STE 52.

DEVMENT OOTACAMUND. STONEHOUSE HILL

YOUR TELEGRAM YESTERDAY HAVE NOT SEEN MANAGING AGENT HOSPET SUGAR FACTORY SINCE SUBMISSION OF MY REPORT TO GOVERNMENT DATED 19TH APRIL HAVE NO FURTHER REMARKS TO OFFER PENDING RECEIPT FROM FRASER AND ROSS OF CERTIFIED STATEMENTS OF PRICES REALISED WHICH ARE EXPECTED TOMORROW

DIRECTOR INDUSTRIES

13/19 The sequence of entries at the beginning of this telegram is—class of telegram, time handed in, serial number (in the case of foreign telegrams only), office of origin, date, service instructions (if any) and number of words.

This form must accompany any enquiry respecting this telegram.

MGIPPAh.—

29 APR 1941
DEVELOPMENT DEPARTMENT

INDUSTRIES AND COMMERCE DEPARTMENT.
Abstract.

165

11895 A/41
29-4-41

Sugarcane - Minimum price - Payment of dues by the Indian Sugars and Refineries Ltd,.

ASSISTANT SECRETARY
29 APR 1941
GOVERNMENT
DEVELOPMENT

No.

Madras, Dated the 29th April, 1941.

From L.B.Green, Esq.,O.B.E.,
Director of Industries & Commerce,Madras.

To The Secretary to the Government of Madras,
Development Department.

Sir,

p 147 above pp 149-151 above Reference: Government Endorsement No.7400-A-41-4 dated 17th April 1941, and my letter of the 19th April 1941.

p 166 below I enclose a copy of a letter dated 28th April 1941, which I have just received from the Managing Agent of the Indian Sugars and Refineries Ltd.

Director of Industries and Commerce.

Copy of letter dated 28th April 1941 from the Managing Agent of the India Sugars and Refineries Ltd., Hospet.

The accounts relating to the price of sugar realised on rails at Hsopet as per Government Notification is being prepared and checked by Messrs:Fraser and Ross and we expect to submit the same before you by the 30th of this month at the latest. We regret that this could not be submitted earlier on account of the time taken in the preparation of accounts and checking thereof. We shall pay off all the suppliers as soon as the rates are approved by the Government.

In the meanwhile we request that the Government be pleased to withdraw the prosecutions launched against us and coming of for hearing on the 30th of this month. If this is not possible we pray that telegraphic instructions may kindly be given to the Magistrate to adjourn the case to another date.

Industries and Commerce Department.

11924 A/41
29.4.41

Subject.

Agriculture -Sugarcane - Minimum price - Payment of dues by the India Sugars and Refineries Ltd.

29 APR 1941

No.

Madras, Dated 29th April 1941.

From L.B.Green, Esq.,O.B.E.,
Director of Industries & Commerce, Madras.

To

The Secretary to the Government of Madras,
Development Department.

Sir,

In continuation of my letter of date, I enclose copy of a telegram which I have since received from Sri V. Ramalingam, Managing Agent, The India Sugars and Refineries, Limited, Hospet. → p 168 below

Director of Industries & Commerce.

VRN.

—Copy of telegram from Sri V. Ramalingam, Managing Agent, ıe India Sugars and Refineries Ltd., Hospet.

REQUEST ADVISE PUBLIC PROSECUTOR- AGREE - APPLICATION FOR ADJOURNMENT STOP FRASER AND ROSS RETURNING WITH AUDITED STATEMENT TO SUBMIT YOU DULY"

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

(9 a.m.)

14/20

OO HOSPET 29 22

DEVELOPMENT SECRETARY OOTACAMUND.

REQUESTED DIRECTOR OF INDUSTRIES AGREE ADJOURNMENT

APPLICATION PRAY INSTRUCTIONS STOP FRASER AND ROSS JUST COMPLETED

CHECKING ACCOUNTS.

RAMALINGAM

Too late to do anything. We have already wired to Coll. 17/1 yesterday) to leave it to Court to proceed with the case (posted for today) No action.

Cay
30 4/41

The sequence of entries at the beginning of this telegram is—class of telegram, time handed in, serial number (in the case of foreign telegrams only), office of origin, date, service instructions (if any) and number of words.

This form must accompany any enquiry respecting this telegram.

MGIPPAh.—824—9-7-40—18,000.

[Same as original at p. 163 above]

Office of the Director of Industries & Commerc
Madras, dated 29th April 1941.

Post Copy of Telegram.

From the Director of Industries and Commerce, Madras.
To the Secretary to Government, Development Department, Stonehouse Hil
The Nilgiris.

Dated 29th April 1941.

DEVELMENT
STONEHOUSE HILL
NILGIRIS

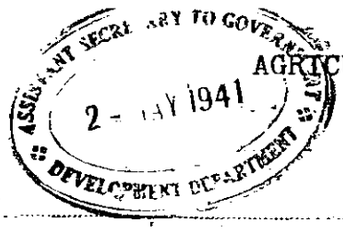
YOUR TELEGRAM YESTERDAY HAVE NOT SEEN MANAGING AGENT HOSPET SUGAR FACTORY SINCE SUBMISSION OF MY REPORT TO GOVERNMENT DATED 19TH APRIL HAVE NO FURTHER REMARKS TO OFFER PENDING RECEIPT FROM FRASER AND ROSS OF CERTIFIED STATEMENTS OF PRICES REALISED WHICH ARE EXPECTED TOMORROW

DIRECTOR INDUSTRIES

Director of Industries & Commerce.

VRN.

AGRICULTURAL DEPARTMENT.



Received ..... 19 *Registered* 12130 A/41 19
2-5-41

Subject.

SUGARCANE - Minimum price - Payment of dues by the Hospet Factory - Mahazar from cane growers.

ENCLOSURES.
No.
Spare copies

C. No. 69-41

Station Tripticane, Madras *Dated the* 30th April 1941

From (Name) P.H. RAMA REDDI ESQ., I.A.S.,
(Designation) Director of Agriculture, Madras.

To The Secretary to the Government of Madras,
DEVELOPMENT Department.

Sir,

p.147 above

Reference: Government Endorsements No.7400-A41 dated 17-4-41 and No.7400 A/41-5 dated 28th April 1941.
p.153 above

I have the honour to forward herewith a detailed report by the District Agricultural Officer, Bellary, on the several points raised in the Mahazar dated 10th April 1941 from the cane ryots of the villages of Hospet etc.
p.175-179 below
M.115-131 above

2. With regard to incidents referred to in paragraph 8 and 12 of the Mahazar, the Managing Agent was wrong in refusing the cane when once it was weighed. It could not have been weighed by the weighman or whoever was responsible for weighments unless it had been considered by him to be reasonably free from trash, etc.
p.119 above
p.123 above

3. With reference to the point raised by the Director of Industries and Commerce in paragraph 1 of his letter dated 19th April 1941 (Vide Government Endorsement dated 28th April 1941 under reference), I invite attention to
p.149-150 above

paragraph 14 of Part II of the report of the District Agricultural Officer, Bellary. It is true that the fall in sugar recovery commences by about the middle of March but the fall is marked only from about the beginning of April. Cane crushing can be continued without much loss till the end of March. The right of the factory to close down when it thinks that crushing has ceased to be as remunerative as it would wish, is not questioned, but a factory, on which the economic life of hundreds of growers depends, has to take a long view of things and endeavour to relieve the distress of the producers of its raw material even at the risk of a small temporary fall in profits. In 1938-39 season, the factory worked till 23rd March 1939 and in 1939-40 season till 7th April 1940.

4. I understand that the case against the managing agent has been adjourned to this day (30th April 1941). I am of opinion that if he does not settle accounts with the cane suppliers, the prosecution should not be withdrawn.

I have the honour to be,
Sir,
Your most obedient servant,

1-5-41

for DIRECTOR OF AGRICULTURE.

Letter no. 315/41 d/24.6.41 from the District Agricultural Officer, Bellary:—

Report on the Mahazar dated 10th April 1941, submitted by the Cane Cultivators in Hospet Taluk to the Second Adviser to the Government of Madras.

Part I. Introductory.

The relationship between the India Sugars and Refineries Ltd., Hospet and the sugarcane suppliers has not been cordial from the beginning. Before discussing the various points raised in the Mahazar, a review of the general background would assist to give a better perspective of the various incidents related in the Mahazar.

2. The India Sugars & Refineries Ltd. Hospet, is a factory engaged in manufacturing sugar from sugarcane. The factory is capable of crushing about 500 tons of canes a day. It may be estimated that about 50,000 tons of canes could be crushed during the cane crushing season. Sri V. Ramalingam is its managing agent and he holds a large number of shares in the concern. It is said that he has loaned large sums of money to the factory. In virtue of these he is the central figure activating the concern in all its aspects. It may be said that he is the only person that really counts having considerable freedom of action.

3. The factory purchases sugarcane from four groups of persons - company borrowers, society borrowers, private growers at Hospet and Munirabad producers. The company borrowers are cultivators who take advances from the factory for growing sugarcane and who are indebted to the factory. The society borrowers take advances similarly from the sugarcane growers co-operative society. The office bearers of the society are the servants of the factory. The society is also financed by the factory. The society borrowers are also more or less in the same position as the company borrowers. Private growers are persons who bring their cane to the factory and carry on business on a cash basis. The Munirabad growers are cultivators in the Nizam's dominions, outside the controlled area, supplying canes to the factory.

4. During the 1939-40 season jaggery sold at high prices and this was an inducement to the sugarcane growers to extend the area under canes for the next season (1940-41). During the 1939-40 season the ryots found it advantageous to make jaggery and they were unwilling to sell sugarcane to the factory even at the high rate of Rs. 12/- a ton fixed by Government. The factory had to adopt various methods to get the growers round to part with their canes. Prices were paid over and above the minimum rates in certain cases as an inducement. Influential merchants are said to have been offered decent commissions to secure the canes of the cultivators. Possibly also, the supply of canes was demanded from society and company borrowers on the strength of the advances made. Some of them evaded supply of canes and advances were said to be outstanding at the end of the season. It is also said that huge advances were made by the factory with the object of bringing more cultivators under the control of the factory.

5. The 1940-41 season saw the collapse of jaggery prices. On the other hand sugar prices were steady and selling canes to the factory was more advantageous. Ryots were keen on supplying canes to the factory and vied with each other in effecting it. There were about 6,000 acres of the standing crop and the factory could consume about 2,000 acres only. The factory was in an advantageous position but for the sliding scale of minimum prices fixed by Government for the Hospet area. The management naturally chafed at this statutory

restriction in the midst of a set of very favourable circumstances - availability of canes in plenty, competition among the growers to supply canes consequent on jaggery prices being low, groups of suppliers who could be jostled against each other to clinch favourable terms when necessary and the grip of the money bag on a large section of the growers, to wit, the company and - society borrowers.

The sliding scale of minimum prices for sugarcane purchased in the Hospet area was notified in Fort St. George Gazette dated 14th January 1941. The managing agent did not settle the accounts of cane vendors at the rates fixed, but paid only Rs. 7/4/- a ton of canes, the basic rate when the sugar price is at Rs. 220/- a ton or less, to such of the growers who demanded payment. He put off the payment of the balance on the plea that the fixation of minimum prices by the local Government was subject to the control of the Central Government and that he had appealed to the Government of India against the notification of the local Government. When this was represented by the cane vendors, sanction was obtained from the District Magistrate, Bellary, for prosecuting the manager of the factory for noncompliance with the Sugarcane Rules and cases were filed in the Joint Magistrate's court, Hospet. The cases were posted to the 16th April 1941. Meanwhile the managing agent gave the Government an undertaking to pay off the cane suppliers at the notified rates and requested the withdrawal of the prosecutions. He further prayed in his application dated 10th April 1941 that the Prosecution should not oppose the short adjournment of 10 or 12 days that he was applying for to the Joint Magistrate, for settling the accounts of the cane suppliers for the season. The cases have been adjourned to the 30th of April. It is now more than 12 days since he made his application to Government and no action appears to have been taken to pay off the cane vendors. No announcement of such an intention has been made to the cane suppliers and nobody has been paid. The managing agent has meanwhile served notices to all the servants of the factory terminating their services from 30th April 1941.

p. 389 of (F)

p. 111 above

He met Mr. Ramalingam the managing agent at Hospet on a number of occasions from January to March 1941. He regretted on those occasions that the sliding scale of minimum prices for sugarcane had not taken into consideration the difficulties of the factory. He felt that the sugar prices notified by Government week after week had no relation to the prices he was actually realising for his sugar and that there was on an average a difference of Rs. 15 - 20 per ton, the notified rate being higher. He wanted for the operation of the sliding scale that the prices he realised from the crushing season to next September should be the sugar price. Since this would put off the final settlement of prices of cane to about 6 months he was proposing to pay a rate of Rs. 7/4 a ton on delivery of canes and to pay the balance as a bonus at the end of the season or September. ~~This would put off the final settlement of prices of cane to about 6 months he was proposing to pay a rate of Rs.~~ result in making the sugarcane growers depend on his efficiency of management, and make them dependant on the factory for ever, just as the company and society borrowers are now bound to

Para 2 mentions that Mr.V.Ramalingam, the Managing Agent was trying to induce the suppliers to accept a basic rate of Rs.7-4-0 a ton plus a bonus of 12 annas at the time of delivery of canes and another to be declared at the end of the season, sometime in September. This is not disputed by the Manager of the factory. Probably the mahazar wants to draw attention to the fact that Mr.Ramalingam wanted the elimination of Government control and desired that the prices should be fixed by the parties concerned

3. Paras 3 to 7 deal with the strike of the cane suppliers from the 8th to the 15th of March 1941 as an result of the refusal of the managing agent to take in the canes of certain suppliers, unless they agreed to receive a rate of Rs.7-4-0 a ton of canes for this season as well as the next. Kolimi Malik Sahib of Chitwadigi and Hussain Peer Sahib of Kamalapura bear testimony.

The Collector of Bellary and myself were camping at Hospet on the 13th and 14th March 1941. Representations on the strike were made to the Collector. He felt that there was not any material on which action could be taken under the law and passed on the matter to the police for investigating whether coercion was used by the management as alleged. The Sub-Inspector of Police, Hospet, informs that in the enquiry that followed, there was not any material evidence of coercion having been used

When I enquired of Mr.V.Ramalingam on 13-3-41, he said he opened a register of cane suppliers and asked the cane vendors to sign therein in token of their being bonafide cane growers, that the merchants who were delivering canes would not agree to it, as they would lose the commission on the sale of canes that they were making by such transactions, and that they engineered the strike.

The two versions are at variance with each other. Taking the situation as such as the strong opinion of the managing agent on this question expressed on previous occasions several times, it appears to me that it is possible that he might have asked the company and society borrowers to sign agreements to deliver canes at Rs.7-4-0 a ton. These two groups of persons are under the grip of the factory and might normally be expected to acquiesce to the proposal made by the management. He might have hoped that if a few people could be induced to sign the agreement, the others also would follow in course of time. There is not any evidence, but it is a strong possibility.

7. Para 8 represents that the managing agent caused cartloads of canes to be thrown down on the pretext that the canes were full of trash. Possibly objection is taken to this by the petitioners because this was done after the carts were weighed and taken in. Sri.K.Hanumantha Rao, Assistant Agricultural Demonstrator, Hospet, was there at the time. According to him the canes were weighed and before they were unloaded, the managing agent came there, noted that the canes were full of trash and had the trash removed. The trashed canes were re-weighed and taken in.

8. Paras 9-11. This is the most serious of the charges from the point of view of the representation. The procedure that is followed in the purchase of canes is this. Allotment of canes is made by the factory every evening for supplies of cane for the following day and identity tickets are issued to the people concerned at one ticket per cart. They are also informed that the tickets are valid for the day only. Since Kamalapuram is 8 miles away from Hospet the identity tickets are sent there usually on the morning of the day concerned. The Kamalapur ryots cut canes in anticipation of the receipt of identity tickets. On this occasion identity tickets were not issued by the factory for the 20th March. Yet 100 carts of cut canes

were ready and these were taken to the factory without identity tickets and were refused by the factory. Some of the carts had identity tickets dated the 19th, that is of the previous date. The management could not be accused for refusing to take canes for which identity tickets had not been issued. It might be mentioned here that the factory has always been telling the growers not to cut canes without allotment and identity tickets

9. It is now represented that carts used to go to the factory without identity tickets now and then and used to be taken in by the factory. This also appears to be a correct statement. The management has been telling vendors not to cut canes without identity tickets and not enforcing their announcements. There have also been cases where the factory had taken in canes that had identity tickets 2 to 3 days old. It possibly suited them to enforce their announcements on this occasion. It is pointed out by the cultivators that this sudden decision to close the factory on the 21st of March was taken immediately after receipt of information by the management on the 19th that the appeal preferred by them to the Government of India against the Madras Government notifications had not been admitted.

10. The management could have been magnanimous and accepted the 100 carts that reached the factory on the 20th notwithstanding their repeated announcements and the decision to close the factory since they had been lax on previous occasions. Possibly the management was upset and depressed by the news of non-admission of the appeal. No action lies against the factory under the Sugarcane rules, for this refusal of theirs to take in carts not provided with tickets.

11. Para 12. The carts of one Parvathamma are said to have been weighed and later refused by the managing agent.

12. Para 13 & 14 detail the action taken during the visit of the Deputy Director of Agriculture. Para 15 deals with the adjournment of the case in the Joint Magistrate's Court. Paras 16 and 17 detail how the managing agent was trying to evolve a formula for eliminating Governmental Control. These do not call for remarks.

Para 18 details how the sugarcane growers co-operative society admitted members in large numbers during the period of the strike giving the poor cultivators the bait of securing identity tickets for cane carts from the factory. This is probably the result of the officers of the society being the servants of the factory. The society is understood to be nearly in liquidation by the Registrar of Co-operative societies and admitting members at this stage would get in some share capital and to that extent the loss of the society would be reduced. It does not appear to be proper

12 above

P.389 of (F)

Para 2. The representation requests the Government to take steps (1) to have the dues of the cane suppliers paid off and (2) to grant interest on their dues from 13th January 1941, the date of the notification of the minimum prices for canes, to the date of actual payment.

16. The Collector of Bellary pointed out on a previous occasion to the deputation of cane suppliers that as far ~~as far~~ as the dues of individuals were concerned, they themselves may have to file suits in civil courts, in the event of non-payment. The demand for interest is reasonable on the analogy of the factory charging interest on the advances made by them to the cane cultivators. This again appears to be a matter for the civil courts.

N.R. 1-5.

Ramalingam

Mg.Agent,
SUGARS & REFINERIES LTD.,
HOSPET.

Cro 39-S/41-1.

Camp 9. Stringer's st.,
Park Town, Madras,
3rd May 1941.

The Secretary,
Development Department,
Government of Madras,

Sir,

We beg to enclose herewith copy of a letter addressed to the Director of Industries & Commerce.

We are extremely sorry that owing to the elaborate nature of the check conducted by Messrs.Fraser & Ross., we were unable to submit the statement earlier.

We also regret that the cases were proceeded with on the 30th ultimo notwithstanding our application for adjournment. Judgment has been reserved for the 5th instant. In view of the negotiations with the Government and our anxiety to have this matter settled as early as possible and our desire to avoid undue publicity and expenses, we did not offer any defence.

We therefore request that the Government will be pleased to issue immediate orders for the withdrawal of the case before judgment is pronounced.

Yours faithfully,
For INDIA SUGARS & REFINERIES LTD.,

Mg.Agent.

Submitted to Secy for perusal. These papers may be added to the main file (C No 7400 Mem dated 6.5.41 on S. on 5.5.41)

(Noted by S.)

6541

Camp Madras,

,Agent,
INDIA SUGARS & REFINERIES LTD.,
Hospet.

9.Stringer's st.,Park Town.
3rd May 1941.

To
The Director of Industries & Commerce,
M a d r a s.

Sir,

Further to our letter of the 29th ultimo and in reply to yours D/30-4-41, we beg to enclose herewith:

1. Statement certified by Messrs.Fraser & Ross.,Chartered Accountants,Madras, showing the weekly price of sugar realised on rails at Hospet on the dates mentioned and issued by you as per notification.
2. Letter received from Messrs.Fraser & Ross.,
3. Copy of my letteraddressed to Messrs.Volkart Bros.,and their reply thereto.
4. Copy of my letter addressed to the Secretary,Development Department.

On receipt of your kind orders, we shall immediately effect settlement of the amount still due to the suppliers.

We regret the delay caused in the submission of this statement.

The case has been proceeded with and judgment has been reserved for the 5th instant. We request that immediat- orders may be issued for the withdrawal of the case.

Yours faithfully,
For INDIA SUGARS & REFINERIES LTD.,

V.R

Mg.Agent.

R.

No. ~~153~~

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

O SG 18/35 MADRAS 6 57

HONOURABLE HOOD
GOVT ADVISER OOTACAMUND

MAGISTRATE RESERVED ORDERS THERE IS YET TIME FOR WITHDRAWAL OR ADVISE ADJOURNMENT PENDING YOUR APPROVAL OF MY STATEMENT OF SUGAR PRICES REALISED ON RAILS AS PER NOTIFICATION AND SUBMITTED THROUGH INDUSTRIES DIRECTOR ON THE THIRD STOP IMMEDIATE PAYMENT WILL BE MADE ON RECEIPT OF YOUR APPROVAL OBLIGE REPLY

RAMALINGAM SUGARS HOSPET

RECD HERE 21/30

The sequence of entries at the beginning of this telegram is—class of telegram, time handed in, serial number (in the case of foreign telegrams only), office of origin, date, service instructions (if any) and number of words

This form must accompany any enquiry respecting this telegram.

MGIPPAL.

DEV. DEPT.

TELEGRAM.

To

RAMALINGAM

SUGARS

HOSPET.

Your telegram dated sixth. Government agreed (to) withdraw prosecution on your payment of prices according to notified rates. As you have not ~~yet~~ paid fully even according to prices admitted by you, question of withdrawing prosecution does not arise.

DEVMENT.

p 185 above

Telegram and P.C. dept 7.5.41

7.5.41

7.5.41

Ramalingam

Mg. Agent,
The India Sugars & Refineries Ltd.,
H O S P E T. (Bellary Dt.)

Camp Madras.

6th May 41

The Hon'ble H.M.Hood Esq.,
Adviser to H.E. The Governor of Madras,
O O T Y.

S i r,

I confirm my telegram of even date:

"MAGISTRATE RESERVED ORDERS THERE IS YET TIME FOR WITHDRAWAL OR ADJOURNMENT STOP REQUEST YOUR ORDER OF WITHDRAWAL OR ADVISE ADJOURNMENT PENDING YOUR APPROVAL OF MY STATEMENT OF SUGAR PRICES REALISED ON RAILS AS PER NOTIFICATION AND SUBMITTED THROUGH INDUSTRIES DIRECTOR ON THE THIRD STOP IMMEDIATE PAYMENT WILL BE MADE ON RECEIPT OF YOUR APPROVAL OBLIGE REPLY" "RAMALINGAM, SUGARS HOSPET".

I am informed today that the Magistrate has deferred pronouncing his orders on account of the absence of the accused - Manager, who is come down here to assist me in connection with the preparation of supplementary accounts for submission to the Director of Industries.

From my telephonic conversation with your good self yesterday, if I mistake not, I gathered that it was too late for the Government to instruct the prosecution either for withdrawal of the proceedings or adjournment pending payment. Now I understand there is still time for withdrawal or adjournment. May I therefore request you to pass your orders and advice withdrawal or adjournment as

the case may be, subject to my making payment immediately as per sugar prices realised on rails which was certified and submitted by Messrs. Frasser & Ross, Chartered Accountants, Madras, to the Director of Industries, on the 3rd inst., and thus save the company from irreparable harm to its reputation.

Awaiting your favourable reply,

Yours faithfully,

V. Mannaliyar

DEPARTMENT.

Registered 12515 A/41 19
7-5-41

Subject.

Agriculture - Sugarcane - Minimum price - Payment of dues by the India Sugars and Refineries Ltd.,

ENCLOSURES.
No.
Spare copies

No.

Station Madras, *Dated the* 5th May 1941.

From (Name) L.B.Green Esq., O.B.E.,
(Designation) Director of Industries & Commerce,

To The Secretary to the Government of Madras,
Development Department.

Sir,

p 149-151 above
p 195-197 below

In continuation of my letter dated 19th April 1941, I enclose copy of a letter with its enclosures which I have since received from Sri V.Ramalingam, Managing Agent, the India Sugars and Refineries Ltd., Hospet.

p 197 below

2. It will be seen from the statement attached to the letter of Messrs Fraser and Ross to Sri V.Ramalingam, that the F.O.R.price per ton is calculated on the basis of the net amount realised on rails at Hospet, i.e. after deducting selling commission at 1½ per cent and sales tax at ¼ per cent from the value of the sugar on rails at Hospet as per invoices. It is a moot point whether this deduction is justified, for apart from the fact that the Government notification speaks only of the price realised on rails at Hospet and not the net price, it seems to me that the price charged by a sugar factory would in the normal course take into account such charges as selling commission and sales tax in the same way as it would include the excise duty, and that a deduction of such charges from the selling price would not be any more justifiable than a deduction

f the excise duty. In the statement below, I compare (i) the value per ton of sugar realised on rails at Hospet according to Messrs Fraser and Ross's statement and (ii) the net value of sugar per ton according to the same source with the notified price of sugar per ton.

Week ending	Prices according to Fraser & Ross. Value on rails at Hospet.	Net value on rails at Hospet.	Notified prices Date	Price per ton F.O.R. Hospet.	Percentage difference between col 2 and col. 4	Percentage difference between col 3 and col. 4
1.	2.	3.	4.		6.	7.
	Rs a. p.	Rs a. p.		Rs. a. p.		
19th Jan. 1941	265 14 1	261 3 8	20th Jan. 1941	276 4 0	-3.8	-5.4
26th "	265 10 9	261 0 4	27th "	276 4 0	-3.8	-5.5
2nd Feb. 1941	266 4 11	261 10 5	3rd Feb. 1941	277 8 0	-4.0	-5.7
9th "	266 7 7	261 12 11	10th "	277 8 0	-4.0	-5.7
16th "	267 12 4	262 15 8	17th "	277 8 0	-3.5	-5.2
23rd "	269 9 10	264 14 4	24th "	277 8 0	-2.8	-4.5
2nd March 1941	269 14 10	265 3 3	3rd March 1941	280 0 0	-3.6	-5.3
9th "	270 0 0	265 4 5	10th "	277 8 0	-2.7	-4.4
16th "	268 1 9	263 6 8	17th "	278 12 0	-3.8	-5.5
23rd "	268 6 0	263 10 11	24th "	278 12 0	-3.7	-5.4

It will be seen from the above statement that the value of sugar on rails at Hospet according to Messrs Fraser and Ross is uniformly less than the notified value, the difference varying from 2.8 to 4.0 per cent. When the net value of sugar on rails at Hospet is taken into consideration, the difference ranges from 4.4 to 5.7 per cent. A check on the figures furnished by Messrs Fraser and Ross will of course be available when information as to the wholesale prices which actually ruled for sugar at Bagalkot, Gadag and Hubli on the different dates comesto hand. I addressed the Senior Marketing Officer, Bombay Province in regard to this on the 19th April and to a telegraphic reminder which I issued to him on the 30th April he has replied that the figures are not readily available but that steps have been taken to collect them and they will be forwarded as soon as possible.

Director of Industries & Commerce.

I

Copy of letter dated 3rd May 1941 from Sri V.Ramalingam, Managing Agent, India Sugars and Refineries Ltd., Hospet.

Further to our letter of the 29th ultimo and in reply to yours D/30-4-41, we beg to enclose herewith:

p 197 below

1. Statement certified by Messrs Fraser and Ross, Chartered Accountants, Madras, showing the weekly price of sugar realised on rails at Hospet on the dates mentioned and issued by you as per notification. (E) — p 389

2. Letter received from Messrs Fraser and Ross. Letter II below

3. Copy of my letter addressed to Messrs Volkart Bros., and their reply thereto. Letter III below Letter IV below

4. Copy of my letter addressed to the Secretary, Development Department. Letter V below

On receipt of your kind orders, we shall immediately effect settlement of the amount still due to the suppliers.

We regret the delay caused in the submission of this statement.

The case has been proceeded with and judgment has been reserved for the 5th instant. We request that immediate orders may be issued for the withdrawal of the case.

-- II

Letter dated 3rd May 1941 from Messrs Fraser and Ross to Sri V.Ramalingam.

..

As requested by you we have examined the statements prepared in connection with the sales of sugar and the prices realised and now enclose a statement extracted therefrom showing the quantity of sugar despatched by rail each week from the week ending 19th January 1941 to the week ending 23rd March 1941, the value on rails at Hospet per invoices, the deductions to be made on account of selling commission and sales tax, the net amount realised on Rails at Hospet and the weekly average price per ton.

In his letter of the 19th ultimo addressed to us, the Director of Industries and Commerce has appended a statement showing the sales of sugar from December 1940 to March 1941 effected by the selling agents of the Company, viz. Messrs Volkart Brothers, and has requested that information may be supplied as to the prices realised in respect of the sales to each of the various centres. The figures extracted by us in connection with the above have not been reconciled with those supplied by Messrs Volkart Bros. We shall be obliged if you will obtain from Messrs. Volkart Bros. to enable us to prepare a reconciliation statement when we will forward you the statement required.

We enclose this letter and enclosure in duplicate so that you may forward a copy of to the Director of Industries and Commerce and trust that the above gives you all the information you require.

..

III

Copy of letter dated 3rd May 1941 from Sri V.Ramalingam to Messrs Volkart Bros.

--

With reference to the statement furnished by you to the Director of Industries and Commerce, which was referred by him to Messrs Fraser and Ross regarding the quantities of sugar sold at the various centres, we find that the total quantity despatched according to our books from the 1st December 1940 to 31st March 1941 and that of yours does not tally.

I herein enclose a statement of despatches, prepared by Messrs Fraser and Ross relating to the sales. I shall thank you to kindly let me have the figures and explanation to reconcile the figures furnished by you and the statement prepared by Fraser and Ross.

As this information is urgently required, I shall be obliged if you will furnish me the same at your very earliest convenience.

Copy of letter dated 3rd May 1941 from Messrs Volkart Bros to Sri V.Ramalingam.

Letter III above

With reference to your letter of even date, we have to state that the apparent difference in figures is due to the fact that we have taken these figures according to sales (according to orders booked) and not on actual despatches as prepared by Messrs Fraser and Ross.

We shall however send you the reconciliation statement required by you at the earliest.

-- V

Copy of letter dated 3rd May 1941 from Sri V.Ramalingam India Sugars & Refineries Ltd., Hospet to the Secretary, Development Department.

Madras office

We beg to enclose herewith copy of a letter addressed to the Director of Industries and Commerce.

We are extremely sorry that owing to the elaborate nature of the check conducted by Messrs Fraser and Ross we were unable to submit the statement earlier.

We also regret that the cases were proceeded with on the 30th ultimo notwithstanding our application for adjournment. Judgment has been reserved for the 5th instant. In view of the negotiations with the Government and our anxiety to have this matter settled as early as possible and our desire to avoid undue publicity and expenses, we did not offer any defence.

We therefore request that the Government will be pleased to issue immediate orders for the withdrawal of the case before judgment is pronounced.

THE INDIA SUGARS & REFINERIES LTD.

tatement showing Weekly Average of Sales realised on Rails from Week ending 19th January 1941 to Week ending 23rd March

Week ending	Quantity Sold. Tons.	Cwts.	Value on Rails at Hospet per Invoices.	Deduct Selling Commission at 1½% Sales Tax at ¼%.	Net amount realised on Rails at Hospet.	Weekly Average. Price per Ton.
19th January 1941	177	16	47273 12 0	827 4 8	46446 7 4	261 3 8
26th January 1941	219	..	58181 12 0	1018 2 11	57163 9 1	261 0 4
2nd February 1941	187	12	49959 4 0	874 4 8	49084 15 4	261 10 5
9th February 1941.	279	16	74558 8 0	1304 12 4	73253 11 8	261 12 11
16th February1941.	249	12	66809 4 0	1169 2 8	65640 1 4	262 15 8
23rd February1941.	220	18	59557 6 0	1042 4 1	58515 1 11	264 14 4
2nd March 1941.	79	8	21432 4 0	375 1 1	21057 2	265 3 3
9th March 1941.	16	16	4536 0 0	79 6 1	4456 9 1	5 4 5
16th March 1941.	80	8	21556 2 0	377 3 9	21178 14 4	3 6 8
23rd March 1941.	51	..	13687 4 0	239 8 6	13447 11 6	3 10 11

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

NOTICE

This form must accompany any inquiry made respecting this Telegram.

1 2 8 28

Charges to pay. Rs. As.

Office Stamp.

Handed in at (Office of Origin) Dharwad Date 8 Hour. 17 Minute. 20 Service Instructions. Words. 27

TO

Recd. here at 17 H. 50 M.

Executive Engineer
Vagamunda
Grant stop Hanuma up from
Gunnur according to certified bill
Total [illegible] Amount
[illegible] Rupees
Your Consent to Court Remand

N. B.—The name of the Sender, if telegraphed is written after the text.

Lal Chand & Sons, Printers, Calcutta—521R (8-100)—31-5-40—90,000 Bks.

RAMALINGAM
MANAGING AGENT.
CODE: "BENTLEY'S"

THE INDIA SUGARS & REFINERIES, LTD.
FACTORY & REGISTERED OFFICE, HOSPET.
TEL.: "SUGARS"
Camp: Bangalore.

HOSPET, 8th May 1931

Sri Rao Bahadur C.P.Karunakara Menon,
Secretary to the Government of Madras,
Development Department
Camp:Ootacamund.

Sir,

p 185 above

✓ P187 above I thank you for your kind reply to my telegram of the 6th instant which has been relayed from Hospet as follows:

"Development department from Ootacamund"
"Wires.Ramalingam. Your telegram dated "
"Sixth. Government agreed withdraw pro-"
"Secution on your payment of prices according"
Original at p187 above "To notified rates and as you have not paid"
"Fully even according to prices admitted by"
"You, question of withdrawing prosecution "
"Does not arise".

to which I have replied as under:

p 199 above "Development Secretary,Ootacamund: Thanks"
"Stop. Paying up from to-morrow according "
"To certified price. Stop. Applying Court"
"Adjournment pending complete payment.Request"
"Your consent to Court.Ramalingam".

I have immediately instructed by telegram to start payment from to-morrow and report to you.

Since the Court is proceeding with the case, we are again requesting with our defense statement to adjourn the case pending the payment for cane. Since it is necessary for the Court or the Government,as complainant to give consent for adjournment, I request immediate instructions may be issued to the authorities concerned.

Yours faithfully,

VRamalingam

Managing Agent.

DEPARTMENT.

Received ..... 19 *Registered* 12730/9 A/41

9-5-41

Subject.

Agriculture - Sugarcane - Minimum price - Payment of dues by the India Sugars and Refineries Ltd.

ENCLOSURES.
No. .....
.....
Spare copies .....

No.

Station Madras, *Dated the* 7th May 1941.

From (Name) L.B.Green Esq., O.B.E.,
(Designation) Director of Industries and Commerce,

To The Secretary to the Government of Madras,
Development Department.

Sir,

p 193-194 above
1205-206 below

In continuation of my letter dated 5th May 1941, I enclose copy of a further letter with its enclosures which I have received from Sri V.Ramalingam, Managing Agent, The India Sugars and Refineries Ltd., Hospet.

p 197 above

2. It is not possible to reconcile the statement attached to Messrs:Fraser and Ross's letter to Sri V.Ramalingam with their previous statement of weekly sales of sugar a copy of which was forwarded with my letter dated 5th May 1941, for in the first place the former statement relates to the period from 1st December 1940 to 31st March 1941 whilst the latter relates to the period from week ending 19th January 1941 to week ending 23rd March 1941, and secondly, whilst the former statement gives details of sales to different markets both in this Province and outside, the latter statement gives only the total sales during each week in the period covered by it. To enable me to tally the two statements and also to have a correct appreciation of the prices realised on sales to the different markets, which will

which will be essential in the attempts to chek these prices with reference to the prices in the Bombay markets promised by the Senior Marketing Officer, Bombay, I am asking Messrs: Fraser and Ross to let me have, as expeditiously as possible, a statement in the following form for the period 1st December 1940 to 31st March 1941:-

Details of sales realised during the period 1st December 1940 to 31st March 1941.

Week ending	Sales effected by Messrs: Volkart Bros., in							
	Bagalkot.		Gadag.		Bellary etc.		Total	
	No. of bags of 2 cwts each.	Amount realised.	No. of bags of 2 cwts each.	Amount realised.	No. of bags of 2 cwts each.	Amount realised.	No. of bags of 2 cwts each.	Amount realised.
7th December 1940.								
15th ,,								
Etc.								
Total								

The above statement will give not only an idea of the sales realised during each week at each centre, but also of the total sales at each centre during the entire period. A copy of the statement will be submitted to Government on its receipt.

Director of Industries and Commerce.

Copy of letter dated 6th May 1941 from Sri V.Ramalingam, Managing Agent. The India Sugars and Refineries Ltd.,

I herein enclose statements from Messrs:Volkarts and Fraser and Ross as required by you.

Fraser and Ross letter dated 6th May 1941 to Sri V.Ramalingam

II in P.195 above

Further to our letter of the 3rd instant, we now enclose a statement showing the sales of sugar from 1st December 1940 to 31st March 1941 effected by Messrs:Volkart Bros., in the centres referred to in the letter of the Director of Industries and Commerce, Madras, dated 19th ultimo. No deduction has been made from the amount realised on account of selling commission and sales tax.

Messrs:Volkart Bros., have now sent us an amended statement showing sales advised by them of 20563 bags compared with the quantity of 19000 bags mentioned in the Director of Industries and Commerce's letter of the 19th ultimo addressed to us. The difference between 20563 mentioned in Messrs:Volkart Bros. statement compared with the figure shown in our statement of 19819 is explained by them as due to the fact that 744 bags were despatched only in April 1941. We understand that a copy of Messrs:Volkart Bros. letter of today's date addressed to us has been sent to you.

We send this letter and enclosure in duplicate so that you may forward a copy to the Director of Industries and Commerce.

THE INDIA SUGARS AND REFINERIES LTD., HOSPET.
Statement showing the sales of sugar from 1st December 1940 to 31st March 1941 effected by Messrs:Volkart Bros.

	No. of bags of 2 cwts each.	Amount realised.
1. Bagalkot	4338	112893 12 0
2. Gadag	3085	83013 12 0
3. Bellary	1812	49739 0 0
4. Hubli	5533	147109 12 0
5. Guntakal	1150	30855 0 0
6. Nandyal	899	24088 10 0
7. Kurnool	858	23050 0 0
8. Adoni	674	18132 12 0
9. Yerraguntla	430	11583 6 0
10. Tadpatri	209	5635 0 0
11. Narayanapet Road	65	1755 0 0
12. Yadagiri	32	864 0 0
13. Raichur	96	2584 0 0
14. Savanur	564	15011 0 0
15. Gadwal	74	2003 4 0
	19819	Rs. 528318 4 0

II

Copy of letter dated 6th May 1941 from Messrs:Volkart Bros., Madras to Messrs:Fraser and Ross, Chartered Accountants, Madras.

The India Sugars and Refineries Ltd., Hospet. - Sales and despatches from December 1940 to end of March 1941.

P 206 below

We beg to enclose herewith an amended statement. We hope you will now find this in order.

Your own outturn sheets are also returned herewith.

HOSPET SUGAR/SALES AND DESPATCHES
from December 1940 to end of March 1941.

Stations.	Sales advised by us.	Despatches made by the factory.	Difference.
	Bags.	Bags.	Bags.
Bagalkot	4582	4338	244
Gadag.	3418	3085	333
Bellary	1844	1812	32
Hubli/Savanur	6149	6097	52
Guntakal	1150	1150	nil
Nandyal	899	899	,,
Kurnool	858	858	,,
Gadwal	74	74	,,
Adoni	725	674	51
Yerraguntla	430	430	nil
Tadpatri	241	209	32
Narayanpet Road	65	65	nil
Yadagiri	32	32	,,
Raichur	96	96	,,
Totals	20,563	19,819	744

N.B. The difference of 744 bags is due to the fact that these were despatched only in April 1941.

Very urgent

DEVELOPMENT DEPT.

O.M.No. 7400 A/41-6 dated 10.5.41

AGRICULTURE - Sugarcane - Minimum price - Payment of dues by the India Sugars & Refineries Ltd.

Letter from the Director of Industries No. Nil dated 5-5-41.

It is observed from the Director's letter that he is waiting for information from Bombay about the ruling prices at some places there. The D.I. is informed that he need not wait for this information as the matter has to be disposed of very urgently and that he might accept the prices, if the accounts are otherwise acceptable, as revealed by the audited statement of accounts realised by the factory on rails at Hospet without deducting commission and sales tax. These deductions are inadmissible for the purpose of determining the prices realised by the factory, with reference to the Government's notification dated 6-1-41.

2. It is also observed that the statement of accounts dates from 19-1-41 while the notification dated January has effect from 18-10-40. Presumably there was no crushing between October and January. But if there was and if cane was bought

during that period, the accounts for that
period/also will have to be examined for
ascertaining the prices to be paid for
the cane supplied during that period.

3. The Government have agreed to withdraw
the prosecution provided that the factory
has paid up fully the prices of cane
based on the price of sugar as now fixed
by the Director. The factory has been
repeatedly requesting the Government by
letters and by telegraph to withdraw the
prosecution or to have the trial of the
case postponed. The Government have refused
to do this. It is therefore very neces-
sary that the examination of the accounts
and the determination of the prices should
be expedited. The revised prices ~~to be~~ deter-
mined by the Director should immediately
be communicated to the Collector of
Bellary so that he may take steps to
withdraw the prosecution in case judg-
ment has not been pronounced by the Court
in the meanwhile.

B

To the Director of Industries
and Commerce.

Desp. by post
10.5.41

RAMALINGAM
MANAGING AGENT.
CODE: "BENTLEY'S"
Tel: "Service".Bangalore.

THE INDIA SUGARS & REFINERIES, LTD.,
FACTORY & REGISTERED OFFICE, HOSPET.
TEL: "SUGARS"
Camp.31.Residency Road: Bangalore.

HOSPET, 9th May 1941.

No acknowledgement.
Please
11/5/41

Sri Rao Bahadur C.P.Karunakara Menon,
Secretary to Government of Madras
Development Department
Camp: Ootacamund.

Dear Sir,

I have just got information that my cane superintendent has been fined Rs 1100/-in the case launched against him. I am advised that the price accepted by us has to be ratified before a revision is filed. I should be highly obliged if you will kindly expedite the publication of the notification if it has not been done already.

A reply by wire will greatly oblige.

Yours sincerely,

V.K Ramaligam.

C.F. 32 (a).

bg

Department

From (Name) L.B.Green Esq., O.B.E.,

Designation Director of Industries and Commerce,

Station M a d r a s.

Received Registered 13029 A/4 13-5-41

To

The Secretary to Government,
Development Department,
Fort St.George, Madras.

Enclosures:

No. dated 12th May 1941.

pp 207-208 above

Sir,

Subject: Agriculture - Sugarcane - Minimum price - Payment of dues by the India Sugars and Refineries Limited to Tous

Reference: Memorandum No.7400-A/41-6 Development dated 10th May 1941.

I have requested Messrs:Fraser and Ross, Chartered Accountants, Madras to furnish me with a statement showing the sales of sugar effected by Messrs:Volkart Bros., during the crushing period between 18th October 1940 and 31st March 1941 without deductions for selling commission and sales tax.

A above

2. In their Memorandum quoted above Government have stated that I need not wait for information in regard to prices of sugar which ruled in the Bombay markets, and that if the accounts are otherwise acceptable, the prices realise

by the factory on rails at Hospet as revealed by the audited statement of accounts without deducting commission and sales tax may be accepted. I would point out to Government in this connection that there has been no departmental verification of the prices realised by the India Sugars and Refineries Ltd., and that the statements of prices as certified by Messrs:Fraser and Ross, Chartered Accountants have been regarded as an alternative to such departmental verification.

In view of their longstanding reputation as chartered accountants there should be no reason to doubt the accuracy of their certified statements, and I presume therefore that it is not contemplated in the Government Memorandum under reference that I should effect any further independent departmental check of the prices realised by the sugar factory. A Court of Law generally accepts certified statements of accounts etc. prepared by auditors of standing

The office of the Hospet Ryots' Association Hospet.

D/ 11-5-41.

A

To,

The Collector

Bella

13079 A/41
13.5.41

Honoured Sir,

1 The Factory has issued a notice under date 9-5-41 (copy enclosed) stating that payments for cane-supply-bills will commence from that date and the ryots are called on to present their receipts for payments from & onwards that date (9-5-41).

2 The conditions of the notice state that payments will be made in accordance with the certificate of Messers, Fraser & Ross Auditors etc, with which the ryots are not concerned.

3. For all supplies made between 25-11-40 to and 13-1-41 payments at the rate notified by the Director Of Industries and published in the Hospet Taluq office on 13-1-41 are to be made. and for the rest at rates notified week after week.

4 It is therfore requested that you may be kind enough to intervene to effect payments of all outstanding bills at Govt.. rates only.

5 We feel that this sort of an notice has been issued presumably to escape the charge of continuity of offence for non-payment even after prosecution.

6 In view of the ambiguious nature of the notice the ryots are nesitating to approach the factory for payments. The delay thus caused may be utilised by the factory to suit their purpose. As such, any settlement of bills under such conditions, before matters are cleared by your honour, may be held void.

Yours obediently

PRamachandra Rao

President.

Copies submitted to:-

1. Second Advisor, Govt: Madras.
2. Director of Agrl, Madras.
3. Asst Director Agrl, Bellary.
4. Sub Collector, Hospet.
5. Agrl Demonstrator, Hospet.

To

The Collector,

Bellary.

Honoured Sir,

— p 217 below

On the publication of a notice dated 9-5-41 (copy enclosed) by the Factory some ryots (about 15) approached the Factory on 10-5-41 for payment of their respective Bills.

The Factory authorities received from such ryots their cane-supply-receipts in originals and have grantd receipts dated 10-5-41 in token of having received them for checking. They have also orally informed the said ryots to present themselves at the Factory after 2 or 3 days for receiving their ~~xxxxx~~ money.

E
p 389

The ryots have handed over their supply-receipts believing to receive their bills at calculated at rates notified by Government and not as per the stipulations of the Factory conveyed in their notice dated 9-5-41.

p 217 below

Yours obediently

Hospet Dated 11.5.41

P Ramachandra Rao

President

Copy to:

1. The Second Adviser, Government of Madras, Madras.
2. The Director of Agriculture, Madras.
3. The Assistant Director of Agriculture, ~~Madras.~~ Bellary
4. Sub Collector Hospet.
5. Agriculture Demonstrator, Hospet.

ಇಂಡಿಯಾ ಷುಗರ್ಸ್ ಅಂಡ್ ರಿಫೈನರೀಸ್ ಲಿಮಿಟೆಡ್, ಹೊಸಪೇಟೆ.

—oOo—

ಇದರಿಂದ ಯಲ್ಲಾ ಕಬ್ಬು ಸಪ್ಲೈದಾರರಿಗೆ ತಿಳಿಯಪಡಿಸುವ ದೇನಂದರೆ :—

ನೀವು ಸಪ್ಲೈಮಾಡಿದ ಕಬ್ಬಿನ ಬಿಲ್ಲುಗಳು 21—3—41 ತೇದಿಯ ವರಿಗೆ ತೆಗೆದುಕೊಂಡ ಕಬ್ಬಿಗೆ ಹೊಸಪೇಟೆ ರೈಲ್ವೆದ್ವಾರಾ ರವಾನಿ ಮಾಡಿಸಿದ ಸಕ್ಕರೆ ಧಾರಣೆ ಮೇರೆಗೆ 14—1—41 ಯ ತೇದಿಯ ಪ್ರಕಟಿನ ಷರ್ತುಗಳ ಪ್ರಕಾರಕ್ಕೂ ಮತ್ತು ಫ್ರೇಜರು ಅಂಡರಾಸ್ ಅಡಿಟರವರು ಸರ್ಟಿಫೈಮಾಡಿದ ಪ್ರಕಾರಕ್ಕೂ, ದಿ ಇಂಡಿಯಾ ಷುಗರ್ಸ್ ರಿಫೈನರೀಸ್‌ರವರ ಆಫೀಸಿನಲ್ಲಿ ಈದಿನ ಮಧ್ಯಾಹ್ನ 1 ಘಂಟೆಯಿಂದಲೂ ಮತ್ತು ಮುಂದಿನ ದಿವಸದಲ್ಲಿಯೂ ಕೊಡಲ್ಪಡುವದು.

ಕಬ್ಬು ಸಪ್ಲೈಮಾಡಿದವರು ತಮ್ಮ ಎಲ್ಲಾ ಕಬ್ಬಿನ ತಮ್ಮಲ್ಲಿರುವ ಒಶೀದಿಗಳನ್ನು ಈದಿನ ನಮ್ಮಲ್ಲಿ ತಂದು ಕೊಟ್ಟು ಪೂರ್ತಿ ಬಿಲ್ಲಿನ ಮೊತ್ತವನ್ನು ಹೊಂದಬೇಕು.

ಹೊಸಪೇಟೆ
9—5—1941

ದಿ ಇಂಡಿಯಾ ಷುಗರ್ಸ್ ಅಂಡ್ ರಿಫೈನರೀಸ್ ಲಿಮಿಟೆಡ್
ಪರವಾಗಿ
ಮೇನೇಜರ್

ಕ್ರೌನ್ ಪ್ರೆಸ್ ಹೊಸಪೇಟೆ.

An English translation of the above Notice is at P. 221 below

ASSISTANT SECRETARY TO GOVERNMENT
13 MAY 1941
DEVELOPMENT DEPARTMENT

ದಿ ಇಂಡಿಯಾ ಷುಗರ್ಸ್ ಅಂಡ್ ರಿಫೈನರೀಸ್ ಲಿಮಿಟೆಡ್ ಹೊಸಪೇಟೆ.

ASSISTANT SECRETARY TO GOVERNMENT
13 MAY 1941
DEVELOPMENT DEPARTMENT

—+oOo+—

ಇದರಿಂದ ಯಲ್ಲಾ ಕಬ್ಬು ಸಪ್ಲೈದಾರರಿಗೆ ತಿಳಿಯಪಡಿಸುವ ದೇನಂದರೆ :—

ನೀವು ಸಪ್ಲೈಮಾಡಿದ ಕಬ್ಬಿನ ಬಿಲ್ಲುಗಳು 21—3—41 ತೇದಿಯು ವರಿಗೆ ತೆಗೆದುಕೊಂಡ ಕಬ್ಬಿಗೆ ಹೊಸಪೇಟ ರೈಲ್ವೆದ್ವಾರಾ ರವಾನಿ ಮಾಡಿಸಿದ ಸಕ್ಕರೆ ಧಾರಣಿ ಮೇರೆಗೆ 14—1—41 ಯ ತೇದಿಯ ಪ್ರಕಟನ ಷರ್ತುಗಳ ಪ್ರಕಾರಕ್ಕೂ ಮತ್ತು ಫ್ರೇಜರು ಅಂಡರಾಸ್ ಆಡಿ ಟರವರು ಸರ್ಟಫೈಮಾಡಿದ ಪ್ರಕಾರಕ್ಕೂ ದಿ ಇಂಡಿಯಾ ಷುಗರ್ಸ್ ರಿಫೈನರೀಸ್‌ರವರ ಆಫೀಸಿನಲ್ಲಿ ಈದಿನ ಮಧ್ಯಾಹ್ನ 1 ಘಂಟೆಯಿಂದಲೂ ಮತ್ತು ಮುಂದಿನ ದಿವಸದಲ್ಲೆಯೂ ಕೊಡಲ್ಪಡುವದು.

ಕಬ್ಬು ಸಪ್ಲೈಮಾಡಿದವರು ತಮ್ಮ ಎಲ್ಲಾ ಕಬ್ಬಿನ ತಮ್ಮಲ್ಲಿರುವ ಚೀಟಿ ಗಳನ್ನು ಈದಿನ ನಮ್ಮಲ್ಲಿ ತಂದು ಕೊಟ್ಟು ಪೂರ್ತಿ ಬಿಲ್ಲಿನ ಮೊತ್ತವನ್ನು ಹೊಂದಬೇಕು.

ಹೊಸಪೇಟೆ)
9—5—1941)

ದಿ ಇಂಡಿಯಾ ಷುಗರ್ಸ್ ಅಂಡ್
ರಿಫೈನರೀಸ್ ಲಿಮಿಟೆಡ್
ಪರವಾಗಿ
ಮೇನೇಜರ್

ಕ್ರೌನ್ ವ್ರೆಸ್ ಹೊಸಪೇಟೆ.

Manager Hospet
Sugar Factory

(An English rendering of the Notice in Romanese at p 217 above)

THE INDIA SUGARS & REFINERIES (LIMITED)
H O S P E T.

Notice to all suppliers of sugarcane.

For all the canes supplied up to 21st March 1941, the Company will pay from 1 P.M. on 9-5-41 and subsequent days the price at the rate of price realised for sugar sent on rails at Hospet according to the conditions in the notification dated 14-1-41 and also the certificate of price of Messrs. Fraser & Ross, Auditors.

All those who have supplied sugarcane should bring their supply receipts and receive payment in full from us.

H o s p e t,)
)
9th May 1941.)

(Sd)

Dev Dept

Memo No 7400 A/41-7 d 15.5.41

Sub: Agriculture - Sugarcane - Minimum Price - Payment of dues by the India Sugars and Refineries Ltd Hospet.

Pl issue here

Ref: From the D I & C letter No Nil dated 12.5.41.

P 211-212 CF

The Director has already been informed that he might accept the audited statement of accounts in respect of the price of sugar without deducting the Sales tax and Commission, if the accounts are otherwise acceptable. He is requested to expedite the determination of the prices of sugar for the crushing period from October 1940 to March 1941 and to communicate the same to the Collector of Bellary.

Vide Para 1, P 207 CF

B on P 208 CF

D I & C. ✓

to the Coll. Bellary.

(with Copy of this letter)

Coll
15/5

Dev Dept

Please issue the Memo

The papers need today

17/5/41

Memo No 7400 A/41-8 d. 17.5.41

Sub: Agriculture - Sugarcane - Minimum Price - Payment of dues by the India Sugars & Refineries Ltd Hospet

Ref: From the President Hospet Ryots' Assn Hospet Copies of petns d 15.5.41 addressed to the Collector of Bellary

Mr 213 & 215 CF.

The President of the Hospet Ryots' Assn Hospet is informed that the Sugar factory is paying up for the supply of canes according to the prices of sugar admitted by it. The correctness of those prices is under examination by the D.I. & C. who will notify, on the results of the examination the revised prices determined by him. If these revised prices should be higher than the prices admitted by the factory, the difference also is to be payable to the suppliers of cane.

Vide orders at p. 26 above.

17/5

To Sri P. Ramachandra Rao, President, Hospet Ryots Assn, Hospet
(Through the Collr of BLY.)

Copy to the Collr of BLY.

Copy to the D I & C. Bgpre.

17.5.41

17/5/41

Camp 9.Stringer's st.,
P.T.Madras,15th May '41.

Karunakara Menon Esq.,
Secretary,Development Department,
Ootacamund.

Sir,

I herein enclose a copy of my letter to the Director of Industries & Commerce, together with copies of enclosures.

The latest report about payment is that nearly all have been paid.

Yours faithfully,

15th May

To

The Director of Industries,
Madras.

Sir,

With reference to your letter dated 12th May '41 a copy ofwhich was sent to me, I have to confirm that there was no crushing of cane prior to 1st December 1940, excepting on 26th and 27th Nov '40 for experimental crushing and Mill adjustment. Actual manufacture of sugar started on the 1st December 1940. Consequently the purchase of cane started only from the 1st of December '40 and statements are therefore enclosed herein commencing from that date.

2 It may be noted that in respect of enclosure No.1, the price paid for the purchase of cane prior to 19th January '41 is based on the price of sugar as on 19th Jan '41, which means an advantage ~~in favour of the ryots to the extent of~~ to the cane suppliers

3, Enclosure No.2 deals with the price of cane during the period 19-1-'41 to 23-3-'41, corresponding to the period of the Government published rates. Lest there should be any apprehension about the correct meaning of the words "realised on rails at Hospet" I enclose herein the legal opinion of Messrs. King & Partridge and also the copy of a letter from Messrs. Parry & Co., confirming the practice of deducting selling commission and Sales Tax for the ascertainment of the prices for payment of cane

KING AND PARTRIDGE.
Solicitors
Notaries.

HIGH COURT BUILDINGS,
Madras.
15. 5. 41

O P I N I O N.

Re: Sales Tax & Selling Commission.

With reference to our interview with you this morning we have considered the question whether in determining "the price realised on rails at Hospet for one ton of white sugar" under Explanation (2) to the notification No.31 dated 6th January 1941 and published in the Fort St. George Gazette of the 14th January 1941 commission to brokers or agents effecting the sale and sales tax should be deducted.

The expression used in the notifcation is "price realised" and not "price on rails at Hospet". Some meaning should be given to the word "realised" and although there is no case covering the exact matter the word "realised" has received judicial interpretation in an English case reported in 35 Ch.D. page 502 at page 510. The question in that case was what is the meaning of the expression "realised profits"? Mr. Justice Kay's observation in that case as to the meaning of the word "realised" was as follows:

> "I must say that my opinion has never wavered for a moment. If there were nothing else than what I have read I should hold without hesitation that "realised" must there have its ordinary commercial meaning, which if not equivalent to "reduced to actual cash in hand," must at least be "rendered tangible for the purpose of division".

The ordinary dictionary meaning of the word "realised" would seem to point to something"actual" as opposed to something estimated. "The price realised" in the notification refers to"the price realised by the factory buying sugar cane."

We understand that the factory has employed Messrs. Volkart brothers as its selling agents and Messrs. Volkat Brothers are remunerated by commission on sales.

There can be no doubt therefore that the price realised by the factory is having regard to the judicial interpretation mentioned above and the ordinary meaning of the word "realised", what actually reaches the factory as the price on rails at Hospet.

It therefore follows that the commission on sales of the sugar is a legitimate and proper deduction for the purpose of ascertaining the price realised on rails at Hospet within the meaning of the notification.

As regards the sales tax, it is clear from the Madras General Sales Tax Act that sales tax is levied on the turnover of a dealer whether the goods are sold for cash or for deferred payment. Sales tax becomes exigible the moment the property in the goods passes from the buyer to the -- seller. The expression used in the notification is "the price realised on rails at Hospet". In our opinion the price realised on rails at Hospet would include all costs of the things sold incurred up to the time of placing the goods on rails at Hospet. If under the terms of the contract of sale the property in the sugar sold passes before it is placed on rails at Hospet the tax has become payble before that stage is reached and therefore it cannot be deducted. If however under the terms of the contract the property passes at or subsequent to the placing of the sugar on -- rails at Hospet, sales tax would be deductible from the - price.

We return herewith the file and the Gazette notifications left with us receipt of which kindly acknowledge.

Sd. King & Partridge.

Copy of my letter dated 26--4--1941.

Dear Mr. Ramalingam,

I find that in arriving at the nett price realised f. o. r at factory for the purposes of calculating the -- sugar price on which our bonus to cane growers is based we deduct selling commissions and sales tax. These deductions are quite legitimate.

Yours sincerely,

C S A Mainpria & Paintes.

THE INDIA SUGARS

Statement showing Weekly Average of Sales re

to Week ending

Week ending.	Quantity Sold. Tons.	Cwts.	Value on Rails at Hospet per Invoices.		
19th January 1941.	177	16	47273	12	0
26th January 1941.	219	..	58181	12	0
2nd February 1941.	187	12	49959	4	0
9th February 1941.	279	16	74558	8	0
16th February 1941.	249	12	66809	4	0
23rd February 1941	220	18	59557	6	0
2nd March 1941.	79	8	21432	4	0
9th March 1941.	16	16	4536	0	0
16th March 1941.	80	8	21556	2	0
23rd March 1941.	51		13687	4	0

Rcd 2

& REFINERIES LTD.

alised on Rails from Week ending 19th January 1941

23rd March 1941.

Deduct Selling Commission at 1½% and Sales Tax at ¼%.	Net amount realised on Rails at Hospet.	Weekly Average. price per Ton.
827 4 8	46446 7 4	261 3 8
1018 2 11	57163 9 1	261 0 4
874 4 8	49084 15 4	261 10 5
1304 12 4	73253 11 8	261 12 11
1169 2 8	65640 1 4	262 15 8
1042 4 1	58515 1 11	264 14 4
375 1 1	21057 2 11	265 3 3
79 6 1	4456 9 11	265 4 5
377 3 9	21178 14 3	263 6 8
239 8 6	13447 11 6	263 10 11

Madras:

Certified Correct

CHARTERED ACCOUNTANTS
REGISTERED ACCOUNTANTS.

THE INDIA SUGARS

Statement showing Weekly Average of Sales re

to Week ending

Week ending.	Quantity Sold. Tons.	Cwts.	Value on Ra at Hospet p Invoices.		
1st December 1940.	-	-	-		
8th December 1940.	-	-	-		
15th December 1940.	68	..	17780	0	0
22nd December 1940.	41	2	10847	0	0
29th December 1940.	161	..	43006	0	0
5th January 1941.	27	16	7521	0	0
12th January 1941.	172	10	45760	4	0
19th January 1941.	177	16	47273	12	0
26th January 1941.	219	..	58181	12	0
2nd February 1941.	187	12	49959	4	0
9th February 1941.	279	16	74558	8	0
16th February 1941.	249	12	66809	4	0
23rd February 1941.	220	18	59557	6	0
2nd March 1941.	79	8	21432	4	0
9th March 1941.	16	16	4536	0	0
16th March 1941.	80	8	21556	2	0
23rd March 1941.	51	..	13687	4	0
30th March 1941.	106	16	28410	0	0

REFINERIES LTD.

lised on Rails from week ending 1st December 1940

0th March 1941.

Deduct Selling Commission at 1½% and Sales Tax at ¼%.	Net amount realised on Rails at Hospet.	Weekly Average. price per Ton.
-	-	-
-	-	-
311 2 5	17468 13 7	256 14 4
189 13 2	10657 2 10	259 4 9
752 9 8	42253 6 4	262 7 1
131 9 11	7389 6 1	265 12 10
800 12 10	44959 7 2	260 10 1
827 4 8	46446 7 4	261 3 8
1018 2 11	57163 9 1	261 0 4
874 4 8	49084 15 4	261 10 5
1304 12 4	73253 11 8	261 12 11
1169 2 8	65640 1 4	262 15 8
1042 4 1	58515 1 11	264 14 4
375 1 1	21057 2 11	265 3 3
79 6 1	4456 9 11	265 4 5
377 3 9	21178 14 3	263 6 8
239 8 6	13447 11 6	263 10 11
497 2 10	27912 13 2	261 5 10

Average price for this period is Rs.260--14--5

Madras, 15th May 1941.-

Certified correct.

CHARTERED ACCOUNTANTS
REGISTERED ACCOUNTANTS.

C.F. 32.

In reply, please quote number, date and short title.*

ASSISTANT SECRETARY TO GOVERNMENT
19 MAY 1941
DEVELOPMENT DEPARTMENT

DEPARTMENT.

13489 A/4
19-5-41

Received..... *Registered*.....

From (Name) L.B.Green Esq., O.B.E.,
(Designation) Director of Industries and Commerce, Madras,
Post Box 432, (Station) Camp, Mangalore.

Telegraphic Address.....

To
The Collector of Bellary,
Bellary.

No. S/41 *dated* 17th May 1941xxx 194 .

Sir,

Subject: Sugarcane - Minimum prices - Payment of amounts due by Indian Sugars and Refineries Ltd.,.

ENCLOSURES.....

pp 207-208 above

SPARE COPIES below

As instructed by Government in their Memorandum No.7400-A/41-6 Development dated 10th May 1941, I append a statement of the prices of sugar realised by the India Sugars and Refineries Ltd. on rails at Hospet as revealed by the audited statement of accounts certified by Messrs:Fraser and Ross without deducting selling agents commission and sales tax.

Week ending.	Price per ton realised on rails at Hospet. Rs. a. p.	
15th December 1940	261 7 6	
22nd December 1940	263 14 8	
29th December 1940	267 1 11	
5th January 1941	270 8 8	
12th January 1941	265 4 5	
19th January 1941	265 14 1	
26th January 1941	265 10 9	
2nd February 1941	266 4 11	
9th February 1941	266 7 6	
16th February 1941	267 10 8	
23rd February 1941	269 9 10	
2nd March 1941	269 14 10	
9th March 1941	270 0 0	
16th March 1941	268 1 9	
23rd March 1941	268 6 0	
30th March 1941	266 0 2	

Messrs:Fraser and Ross have stated that no sales of sugar were effected by the factory during the period from 18th October 1940 to 14th December 1940 inclusive.

Sd.L.B.Green,
Director of Industries and Commerce.

Copy to the Secretary to Government, Development Department. I enclose a copy of letter dated 15th May 1941 and its enclosures in original received from Mr.V.Ramalingam with reference to the interpretation to be placed on the words 'price realised on rails at Hospet' occurring in the Notification.

Director of Industries and Commerce.

Copy of letter dated 15th May 1941 from Sri V.Ramalingam, Managing Agent, The India Sugars and Refineries Ltd., Hospet.

With reference to your letter dated 12th May 1941 a copy of which was sent to me, I have to confirm that there was no crushing of cane prior to 1st December 1940, excepting on 26th and 27th November 1940 for experimental crushing and Mill adjustment. Actual manufacture of sugar started on the 1st December 1940. Consequently the purchase of cane started only from the 1st of December 1940 and statements are therefore enclosed herein commencing from that date.

It may be noted that in respect of enclosure No.1, the price paid for the purchase of cane prior to 19th January 1941 is based on the price of sugar as on 19th January 1941, which means an advantage to the cane suppliers.

Enclosure No.2 deals with the price of cane during the period 19th January 1941 to 23rd March 1941, corresponding to the period of the Government published rates. Lest there should be any apprehension about the correct meaning of the words "realised on rails at Hospet", I enclose herein the legal opinion of Messrs: King and Partridge and also the copy of a letter from Messrs:Parry and Co., confirming the practice of deducting selling commission and sales tax for the ascertainment of the prices for the payment of cane price.

KING & PARTRIDGE.
SOLICITORS. NOTARIES

COMMISSIONERS FOR OATHS.

MADRAS AND OOTACAMUND.

PARTNERS:
WILFRID HAZELL SELL.
HUGH JOHN MAITLAND JONES.
HERBERT MCDOUALL SMALL.
LESLIE DAVISON MILLER.

TELEGRAMS: "REGAL"
CODES: A.B.C. 5TH & 6TH
BENTLEY'S

TELEPHONE NO. 3911 (2 LINES)
POST BOX NO. 121

High Court Buildings,
Madras.

15th May 1941.

Same as

V.Ramalingam Esq.,
Managing Agent,
The India Sugars & Refineries Ltd.,
C/O Messrs. Oriental Films,
9 Stringer's Street,
Madras.

Dear Sir,

re. Sales Tax & Selling commission.

With reference to our interview with you this morning, we have considered the question whether in determining "the price realised on rails at Hospet for one ton of white sugar" under Explanation (2) to the notification No.31 dated 6th January 1941 and published in the Fort St.George Gazette of the 14th January 1941 commission to brokers or agents effecting the sale, sales tax should be deducted.

The expression used in the notification is "price realised" and not "price on rails at Hospet". Some meaning should be given to the word "realised" and although there is no case covering the exact matter, the word "realised" has received judicial interpretation in an English case reported in 35 Ch.D. page 502 at page 510. The question in that case was - what is the meaning of the expression "realised profits"? Mr.Justice Kay's observation in that case as to the meaning of

the

the word "realised" was as follows:

> "I must say that my opinion has never wavered for a moment. If there were nothing else than what I have read I should hold without hesitation that "realized" must there have its ordinary commercial meaning, which, if not equivalent to "reduced to actual cash in hand, must at least be"rendered tangible for the purpose of division.

The ordinary dictionary meaning of the word "realised" would seem to point to something actual as opposed to something estimated. "The price realised" in the notification refers to the price realised by the factory buying sugar cane.

We understand that the factory has employed Messrs.Volkart Brothers as its selling agents and Messrs.Volkart Brothers are remunerated by commission on sales.

There can be no doubt therefore that the price realised by the factory is having regard to the judicial interpretation mentioned above and the ordinary meaning of the word "realised", what actually reaches the factory as the price on rails at Hospet.

It therefore follows that the commission on sales of the sugar is a legitimate and proper deduction for the purpose of ascertaining the price realised on rails at Hospet within the meaning of the notification.

As regards the sales tax, it is clear from the Madras General Sales Tax Act that sales tax is levied on the turnover

of

of a dealer whether the goods are sold for cash ~~tax~~ or for deferred payment. Sales tax becomes exigible the moment the property in the goods passes from the buyer to the seller. The expression used in the notification is "the price realised on rails at Hospet" In our opinion the price realised on rails at Hospet would include all costs of the things sold incurred up to the time of placing the goods on rails at Hospe If under the terms of the contract of sale the property in the sugar sold passes before it is placed on rails at Hospet the tax has become payable before that stage is reached and therefore it cannot be deducted. If however under the terms of the contract the property passes at or subsequent to the placing of the sugar on rails at Hospet, sales tax would be deductible from the price.

We return herewith the file and the Gazette notifications left with us receipt of which kindly acknowledge.

Yours faithfully,

Enc.2
CK/SS

PARRY & Co LTD
BOX 12.
MADRAS.

24?

13th May 1941

Dear Mr. Ramalingam,

As requested in our telephone conversation this afternoon, I enclose a copy of my letter to you of 26-4-41.

Yours sincerely,

V.Ramalingam Esq.
C/O Messrs. Oriental Films,
9, Stringer's Street,
Madras.

Copy of my letter dated 26-4-41

--

Dear Mr. Ramalingam,

I find that in arriving at the nett price realised f.o.r. at factory for the purposes of calculating the sugar price on which our bonus to cane growers is based, we deduct selling commissions and sales tax. These deductions are quite legitimate.

Yours sincerely,

Dev Dept

Memo No. 7400 A/41.9 d 23.5.41.

Pl. issue

Sub: Agriculture - sugarcane - Minimum prices - Payment of dues by the India Sugars and Refineries Ltd, Hospet.

M 241-242 cF. Ref: From the D I &C, copy of his letter No 5/41 d 17.5.41 to the Collector of Bellary

Para 2, (F) / M 389

Under the Govt notification dated 6th January 41 the prices of Sugar should be published in the office of the Tahsildar Hospet under the authority of the Director of Industries and Commerce, Madras. In his letter cited above the Director has merely communicated to the Collector of Bellary, the prices of Sugar without excluding the Selling Agents' Commission and Sales Tax, as revealed by the audited statement of accounts of the factory certified by the Auditors. He is requested to arrange to publish in the

M 241 cF

Vide Secy's remarks in the margin at M 28 Ntg.

Offi of the Tahsildar, Hospet, the revised prices of sugar determined by him according to the notification

order at p 30 Mfg

(F)
p 389

2. The collector of Bellary should satisfy himself that payments have been made fully by the factory according to the revised prices published under the authority of the D I&C. and report the fact to the Govt. The question of withdrawing the prosecution against the Officers of the factory will be considered by the Govt only after the receipt of the report from the Collector..

order at p 30 Mfg.

SW

The factory is understood to have filed an appeal in the High Court against the judgment of the Ist Magistrate Court convicting Manager of the factory on three counts and sentencing him to a fine of Rs 1100. — Vide flag W

28/5

To the D I & C

Collector of Bellary.

Despd by post
W 23/5/81

In reply, please quote number, date and short title.*

Magisterial / DEPARTMENT. 14191 A/41 26-5-41

Received 23 MAY 41 Registered

From (Name) A.D.Crombie,Esquire,C.I.E.,I.C.S.,

(Designation) Collector & District Magistrate, Bellary.

Post Box ____, (Station) ____,

Telegraphic Address ____

To

The Secretary to Government,
Development Department,
Madras.

Ref.C. *No.* 502/41-B3, *dated* 24-5-41 19 .

Sir,

Factory-Sugarcane-Minimum prices-Payment of dues by the Factory.

Enclosures 1 to 54 above

Spare Copies ____

With reference to your telegram dated 29-4-41, orders were issued to the Joint Magistrate to proceed with the prosecution cases against the manager of the factory. The cases were posted to 16th April in the Joint Magistrate's Court. The adjournment applied for by the accused(Manager) was not opposed by the prosecution. The cases were therefore adjourned to 30th April 1941. As,however, the Managing Agent did not make any attempt to pay the dues, as promised to Government and did not even announce his intention to make payment,the cases were heard on 30-4-41. The accused had no defence,but pleaded not guilty. He requested the Court to deliver the judgment after a few days, as he had made representations to Government for the withdrawal of the prosecutions. Consequently the case was adjourned to 5-5-41 for judgment and on that date the accused did not appear. The Court therefore issued a warrant for his arrest. Subsequently the Managing Agent removed the Manager from the post from 1-5-41. After securing the presence of the accused judgments were delivered on 9-5-41 in three cases in which the accused was fined to an extent of Rs 1100/-. The fines are not yet paid and I understand stay orders have been obtained from the High Court to stop the collections of the fines pending the filing of

of appeal. Petitions are being received from the President of the Ryots Association Hospet, and replies were given to him by Government in their Memorandum No.7400-A/41-8 dated 17-5-41. There is still one case pending against the Manager and it is posted to 10th June 1941. The Managing Agent cuts the knot by dismissing the Manager who was charge sheeted. With reference to the Government Memorandum No.7400/41-7 dated 15-5-41, the Director has furnished the prices to me and they have been communicated to the Sub Collector and Tahsildar,Hospet. A copy of the list of the prices will also be sent to the Managing Agent. If he pays up fully according to the prices now determined by the Director, the question of withdrawing the prosecution in this last case will be considered. He has been asked to report whether a new Manager has been nominated under rule 5(4) of the Sugar cane rules.

p 225 above

p 223 ante

p 2 of (2)

As there is no manager for the factory the Managing Agent will be liable, if he fails to pay the prices in full fixed by the Director.

25/5/41

For Collector & District Magistrat

25/5

Industries **DEPARTMENT.**

ASSISTANT SECRETARY TO GOVERNMENT
25 MAY 1941
DEVELOPMENT DEPARTMENT

Received ..... 19 . *Registered* 14193 A/41 26-5-41 19

Subject.

Agriculture - Sugarcane - Minimum prices - Payment of dues by the India Sugars and Refineries Limited, Hospet.-

Enclosures.
No. .....
.....
Spare copies .....

Station Chepauk, Madras, *Dated the* 24th May 19 41.

From (Name) L.B. Green, Esq., O.B.E.,
(Designation) Director of Industries and Commerce.

To The Secretary to the Government of Madras,
Development Department.

Sir,

Ref: Memorandum No.7400-A/41-9, Development, dated 23rd May 1941.-

pp 253-254 above

pp 253-254 above

Cf Director's letter to Collr Bellary - para 1, p 241 above

In para 1 of the memorandum quoted above, Government have observed that I have merely communicated to the Collector of Bellary, the prices of sugar without excluding the selling agent's commission and sales tax, as revealed by the statement of accounts of the factory certified by the auditors. It is not clear to me from this observation whether it is the intention of Government that the prices communicated to the Collector of Bellary should exclude selling commission and sales tax. I request the specific instructions of Government on this point.

2. In paragraph 3 of my letter No.Nil, dated 19th April 1941 to Government, I stated that I was

p.t.o.

endeavouring to obtain information as to the prevailing wholesale prices of sugar at Bagalkot, Gadag and Hubli on the different dates. As the sugar manufactured by the India Sugars and Refineries Limited, Hospet, found a sale largely in these market centres, my intention was to have an independent check of the prices realised on rails at Hospet according to the audited statements of Messrs. Fraser & Ross with reference to the prices in the different markets on the different dates. I have since received from the Chief Marketing Officer, Bombay Province, a statement of the prices of sugar which ruled at Bagalkot and these prices are compared below with the prices realised on rails at Hospet according to the statement of prices communicated to the Collector of Bellary. p 241-242 above

Prices ruling at Bagalkot according to the Chief Marketing Officer, Bombay Province.				Prices communicated to the Collector of Bellary. p 241-242 above			
Week-ending	Price per ton			Week-ending	Price per ton.		
	Rs.	A.	P.		Rs.	A.	P.
13th January '41	252-	8-	0	12th January '41	265-	4-	5
20th "	255-	0-	0	19th "	265-	14-	1
27th "	260-	0-	0	26th "	265-	10-	9
3rd February '41	260-	0-	0	2nd February '41	266-	4-	11
10th "	260-	0-	0	9th "	266-	7-	6
17th "	260-	0-	0	16th "	267-	10-	8
24th "	262-	8-	0	23rd "	269-	9-	10
3rd March '41	262-	8-	0	2nd March '41	269-	14-	10
10th "	262-	8-	0	9th "	270-	0-	0
17th "	260-	0-	0	16th "	268-	1-	9
24th "	260-	0-	0	23rd "	268-	6-	0
31st "	260-	0-	0	30th "	266-	0-	2

It will be seen from the above statement that the prices which ruled at Bagalkot are consistently lower than the prices realised on rails at Hospet according to the audited statements of Messrs. Fraser & Ross, though it does not follow that this was also the case at the other centres where the factory's sugar was marketed. The lower prices at Bagalkot may in some measure be due to the competitive nature of the market there, owing to the fact that the Hospet sugar has to compete with the sugar from the Bombay Province and from Northern India, but it seems possible nevertheless that a deduction on account of selling commission and sales tax may after all be justifiable. In the circumstances, and in view of the doubt which exists as to the correct interpretation to be placed on the sentence occurring in paragraph 1 of the Government Memorandum under reply and to which reference is made above, I solicit the orders of Government as to whether the revised prices to be published in the Office of the Tahsildar, Hospet should exclude selling commission and sales tax or not. On receipt of the further instructions of Government, I shall arrange for the prices to be published. p 25-3 above

Director of Industries and Comme

14281 A/41

27.5.41

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

ASSISTANT SECRETARY TO GOVERNMENT DEVELOPMENT 27 MAY 1941

NOTICE

This form must accompany any inquiry made respecting this Telegram.

Charges to pay. Rs. As.

DELE. SECTION 26 MAY 41

Handed in at (Office of Origin)	Date.	Hour.	Minute.	Service Instructions.	Words.
		17	15		

TO

Recd. here at 18 H. 57 M.

0 RC HOSPET 26 TO SECRETARY DEVELOPMEN

31 MADRAS MT RD

CANE RYOTS FEEL NO CASE FOR RATES RIVISION PRAY

ADHERE GOVT RATES NOTIFIED ELSE LOSS RUPEES

FORTYTHOUSAND INVOLVED CONSEQUENCES SERIOUS PETITION FOLLOWS

PRESIDENT RYOTS ASSOCIATION

N. B.—The name of the Sender, if telegraphed is written after the text.

Lal Chand & Sons, Printers, Calcutta—HR (5-139)—31-5-41—30,000 Bks.

14287

C.F. 32 (a).

Industries & Commerce Department

From (Name) L.B.Green, Esq.,O.B.E.,

Designation Director of Industries and Commerce,

Station Madras.

Received Registered

To

The Secretary to Government,
Development Department.

Enclosures:

No. dated 27th May 1941

Sir,

Subject: Agriculture -Sugarcane - Minimum prices - Payment of dues by the India Sugars and Refineries Ltd., Hospet.

---

below I enclose for the information of Government copy of a telegram which I received this morning from the President, Ryots' Association, Hospet.

"CANE RYOTS FEEL NO CASE FOR RATES REVISION PRAY ADHERE GOVERNMENT RATES NOTIFIED ELSE LOSS RUPEES FORTY THOUSAND INVOLVED CONSEQUENCES SERIOUS PETITION FOLLOWS"

a copy of the telegram referred to in the above para above

2. The ryots are obviously concerned about the proposed revision of the sugar prices and it is possible that they are under the impression that the rates have been or are being revised as a result of pressure from the Managing Agent of the India Sugars and Refineries Ltd. I therefore request the orders of Government as to whether I may inform the President of the Ryots' Association that in the determination

M

of revised prices of sugar the prices actually realised by the factory on rails at Hospet according to the statements of accounts audited by Messrs. Fraser and Ross, Chartered Accountants, Madras have been taken into account, and that a more accurate basis for the determination of the prices cannot be adopted.

Director of Industries & Commerce.

Dev. Dc

Pl. 100 + clear copy.

Memo No 7400 A/41.10 d 28.5.41

Sub: Agriculture - Sugarcane - Minimum Prices Payments dues by the India Sugars & Refineries Ltd Hospet

Ref: From the D I & C No Nil dated 24.5.1941 & 27.5.19

ff 257-258 & 261-262 CF

In paragraph 1 of the

ff 207 CF. Memorandum No 7400 A/41-6 dated 10.5.1941, the D.I & C was definitely informed that deduction on account of Selling Commission and Sales Tax were inadmissible for the purpose of determining the prices realised by the factory with reference to the Govt notification dated 6.1.41. ~~The attention of~~ It was intended

F
ff 389. ~~the District was drawn~~, in para 1, ff 253-254 CF the memorandum No 7400 A/41-8 d 23.5.41, ~~to the fact that~~ by him the prices communicated to the Collector of Bellary, in his letter No S/41 d 17.5.41, should be ~~duly notified~~ in the office of the Taluqdar, Hospet, under his authority and that he should also

draw his attention to the requirement in the Govt notification referred to that the prices ~~as~~ as determined by him, should be ~~published~~ published under his authority.

ff 241-242 CF

~~And~~ It was not sufficient merely to communicate to the Collr a statement of the factory

It was not suggested that the deduction on account of Selling Commission and Sales Tax should be admitted in determining the prices. He is now requested to arrange to publish the revised prices determined by him ~~in the Office of the Tahsildar, Hospet~~ as reported in the Govt's letter dy 6.5.41 accordance with the notification

F
1359.

2. With reference to his report, ~~in~~ pp 261-262 CF
on the telegram, dated 26.5.41 p 259 CF
from the President of the Rep's Asso-
ciation, Hospet, the Director is
informed that he may, Sanda
inform the Associations on the lines
indicated ~~in this report~~ by him M at pp 261-262 CF.

Sd/W. that no separate reply to the Assocn from the Govt will be necessary if the recommendations are accepted.

28/5

CAS
28/5/41

To the D I & C.
Desptd. by post
on 29.5.41

DEVELOPMENT DEPARTMENT.

Memorandum No.7400-A/41-10 dated 28th May 1941.

Subject:- Agriculture - Sugarcane - Minimum prices - Payment of dues by the India Sugars and Refineries Limited, Hospet.

Reference:- From the Director of Industries and Commerce No.Nil dated 24th May 1941 and 27th May 1941.

In paragraph 1 of the Memorandum No.7400-A/41-6 dated 10th May 1941, the Director of Industries and Commerce was definitely informed that deductions on account of selling commission and sales tax are inadmissible for the purpose of determining the prices realised by the Factory, with reference to the Government notification dated 6th January 1941. It was intended in the memorandum No.7400-A/41-8 dated 23rd May 1941 to draw his attention to the requirement in the Government notification referred to that the prices as determined by him, should be published under his authority in the office of the Tahsildar, Hospet; it was not sufficient merely to communicate to the Collector a statement of the Factory's accounts as he had done. He is now requested to arrange to publish the revised prices determined by him, as required in the Government's notification dated 6th January 1941.

2. With reference to his report, on the telegram, dated 26th May 1941 from the President of the Ryots' Association, Hospet, the Director is informed that he may send a reply to the Association on the lines indicated by him.

S/e.

For Secretary to Government.

To the Director of Industries and Commerce.

21st.May,1941, 17

To, Hospet.

The Manager,

The India Sugars & Refineries,Limited,

Hospet.

Sir,

On scrutiny I find that you have not caluculated my bill in accordence with the Govt. notification rates as published every week, by the Thasildar Hospet under the instructions of Director of Industries Madras. If you donot pay me the balance, with-in 10 days from the date of ~~khix kxtkxx~~ the receipt of this letter, I shall be forced to take leagal action against you.

ಇಂತಿ ವಿಶ್ವಾಸಿಗಳು

(Sd) Metti Basavanagowd
Land Lord.
Kamalapur
Hospet

Copies Submitted to
1. The Govt of Madras
2. The Director of Agriculture
3. The District Collector Bellary

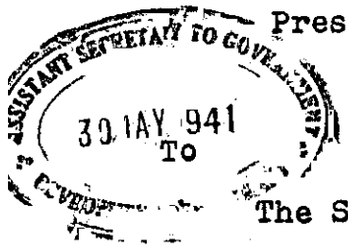
for favour of information and necessary action.

14500 A/41
30-5-41

From,

Sri. P. Ramachendra Rao B.A.

President, Ryots Association, Hospet.



The Secretary, to Development Department,

Government of Madras,

Madras.

Sir,

In obedience to the Government's Memorandum No 7400-A/41-8 dated 17-5-1941 received by me on 26-5-41, I beg to submit on behalf of the Cane Ryots as follows:

1. I beg to point out that my two petitions referred to in the memorandum quoted above are dated 11-5-41 but not 15-5-41 as stated.

2. The Ryots are at a loss to konw the necessity for the revision of rates at this stage. They are bewildred to note the inclination of the Government to revise the rates which they themselves have notified and published after due considerations of all that had said and done.

3. The cane growers' strenéous agitation that commen-ced in the first week of September last and subsequent ardent prayers of theirs resulted in the Publication of a Draft notification No 916/13-11-40 (Vide Fort St. George Gazette dated 19-11-1940) proposing to fix the minimum price of the sugar cane in our Hospet controlled area. Our"suggestion" praying for an enhancement of the price on the draft notification was duly submitted to the Government and the final notification was awaited. Meanwhile the Factory commenced crushing on 25-11-40 for the season 40-41. The suppliers of cane began to supply their cane on the assurance given by the Managing Agent that they, the suppliers would be paid at the rate which the Government would finally fix. Soon the Factory indicated some moves which threw suppliers in doubt as to the rate they would get for their canes supplied for the period up to the receipt of the final notification and consequently they stopped

President, Ryots Association, Nagpet.

Pt. P. Ramachendra Rao Gar.

The Secretary, to Development Department,

Government of Madras,

Madras.

Sir,

In obedience to the Government's Memorandum No 7400-A 41-8 dated 17-5-1941 received by me on 26-5-41, I beg to submit on behalf of the Cane Ryots as follows:

1. I beg to point out that my two petitions referred to in the memorandum quoted above are dated 11-5-41 but not 15-5-41 as stated.

2. The Ryots are at a loss to know the necessity for the revision of rates at this stage. They are bewildered to note the inclination of the Government to revise the rates which they themselves have notified and published after due consideration of all that had said and done.

3. The cane growers' strenuous agitation that commenced in the first week of September last and subsequent ardent prayers of theirs resulted in the Publication of a draft notification No 916/13-11-40 (Vide Fort St. Geor e Gazette dated 19-11-1940) proposing to fix the minimum price of the sugar cane in our Nospet controlled area. ~~We~~ Our "suggestion" praying for an announcement of the price on the draft notification was duly submitted to the Government and the final notification was awaited. Meanwhile the factory commenced crushing on 25-11-40 for the season 40-41. The supplies of cane began to supply their cane on the assurance given by the managing agent that they, the suppliers would be paid at the rate which the Government would finally fix. Soon the factory indicated some moves which threw suppliers in doubt as to the rate they would get for their canes supplied for the period up to the receipt of the final notification and consequently they

Dated 21st May 1941.

To,

The Manager,

India Sugars & Refineries Ltd,
Hospet.

Sir,

Sub: Regarding payment of Bills.

I am in receipt of your letter showing my account with your company. I am surprised to note under payment in the rates and wrong calculations You have failed to calculate according to the Government rates as published by the Tahsildar Hospet under the instructions of theDirector of Industries Madras, every Monday. We have nothing to do with the certified rates of your auditors or anybody else.

Please note that I shall be driven to the necessity of taking legal action if I am not paid according to the Government rates within 5 days from the date of the receipt of this letter.

Copy submitted to the 2nd Advisor Government of Madras for favour of information & necessary action.

K. Venkataramanasimhalhar
Land Lord Kamalapuram
Hospet Tq.

On this the Managing Agent entered into a written agreement dated 28-11-40 with 13 representatives of cane growers that he shall pay for all canes supplied from the commencement of the Factory season up to the date of receipt of final notification at the rate finally fixed by the Government. (Vide my letter dated 5-12-40) Thereupon the ryots continued supply of canes to the Factory on the express understanding that they would be paid at the Government rate for their canes supplied till the receipt of final notification.

The Government were pleased to confirm their draft notification by their final notification No 31/~~6-11-40~~ 6-1-41 published in Fort St Geog. Gezzettee dated ~~14-11-40~~ 14-1-41. The publication by Government of weekly rates on the basis of sugar price commenced on 13-1-41. After the receipt of final notification No. 31 also the ryots continued supply as before on the gurantee that they would be paid as per rates notified, by Government week after week.

5. Hence the ryots are legally entitled to demand for their canes supplied (i) on and from 25-11-40 to 12-1-~~40~~ 41(inclusive) at the rate notified and published on 13-1-41 & (ii) on and from 13-1-41 up to 20-3-41 (inclusive) at such rates as are notified and published by Government week after week.

6. Though prompt demands for settlement of Bills at the rates stated above ~~for~~ were made, soon after the rates were notified for the first time ~~when~~ in Hospet Taluk Office on 13-1-41, they were postponed on the pretext of an appeal to the Governor-General-in-Council. For such failure action was taken under Rules by Government.

7. On 9-5-41 the Factory called on the ryots to receive payments. The conditions attached to it were not only not in consonance with Government Notification but some other conditions were hedged in. (vide copy of Factory notice submitted along with my letter dated 11-5-41) Hence the ryots hesitated to receive payments. However some ryots being hard pressed for money have received payment under protest stating that the Factory will still be liable to make up the difference between the Government rate and the rate actually paid by the Factory.

8. The Government have been already fully and promptly acquainted with all these facts. A perusal of my correspondence will reveal that the ryot has been clinging to the rate of the Government much against heavy odds and what would be the fate of the irretrivable transactions and commitments/ ~~of the ryots~~ already effected on the basis of the Government rate, if the Government were prone to a revision of the rates at this stage.

9. In case the Government were to revise their rates to the level of Factory's desire, there would be a collective loss of about Rs 40,000/-

10. It is not out of place to let know the authorities concerned once again that the cane ryots are subjected to unprecedented suffering and loss this season due to

(a) inordinate delay by Government in fixing the minimum price due to which the cane ryot was disabled to chalk out his own programme for the disposal of his crop otherwise than offering it to the Factory.

(b) the early and unexpected closing of the Factory on 20-3-41 contrary to the ryots expectation based on the Factory's notice (copy sent to Govt. with my letter dated 17-12-40) that it would crush about 65,000 tons for the season, resulted in leaving out of about 2000 acres of uncrushed cane standing in spite of the repeated requests by the ryot and the advice of the Government.
More than 2/3 of the said acrage is already burnt and the rest is swaiting the same inevitable fate.

(c) leaving aside the entire loss of the standing crop the very removal of it by burning and clearing it off the field is proving an additional costly affair.(about Rs 12/- to 15/- per acre)

(d) the uneconomic minimum price and broken payments for the canes supplied far and few.

(e) the preparation of jaggery out of this variety cane especially after March and the low price of such jaggery have woefull tales to tell.

(f) Government's failure to prevent importation of cane from outside the controlled area (NizamS dominions) thwarting local supply, in spite of our appeals.

(g) Risks and troubles incidental to supply to the Factory such as delay, in delivery and weighment, issue of permits etc.

11. The general fall in all the commodities particularly in jaggery is enough to evoke pity and compassion.

12. Such being the circumstances the protection by the Government is doubly necessary. Any revision of rates at this late hour would be an unexpected hard hit to the ryot from the parental quarters.

(Government)

13 Therefore we earnestly pray the Government to drop the question of revision of rates and be pleased to adhere to their (Govt) already notified rates and kindly direct payment of bills at those rates only and NOT as per the stipulations of the Factory

For which act of kindness we ever remain grateful.

We beg to remain

Sir,

Hospet Dated 28-5-41

Your most obedient cane ryots,
Hospet controlled area.

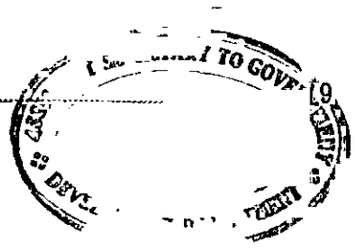
PRamachandrarao

Copies submitted to

1. Director of Industries, Madras.
2. The Director of Agriculture, Madras.
3. The Collector, Bellary.
4. The sub-collector, Hospet.

C.F. 36.

DEPARTMENT.

Received .....  ...stered 14600 1[0]

Subject.

Agriculture - Sugarcane - Minimum prices - Payment of dues by the India Sugars and Refineries Limited, Hospet.

ENCLOSURES.
No.
Spare copies

No.

Station Madras, *Dated the* 30th May 1941.

From (Name) L.B.Green Esq., O.B.E.,
(Designation) Director of Industries and Commerce,

To The Secretary to the Government of Madras,
Development Department.

Sir,

Sp 263 264 above

Reference: Government Memorandum No.7400-A/41-10 dated 28th May 1941.

41-242 above

I have requested the Collector of Bellary to arrange for the prices of sugar realised on rails at Hospet as determined by me and communicated to him in my letter S/41 dated 17th May 1941 to be published under my authority in the office of the Tahsildar, Hospet. The probabilities are, however, that he has already arranged for the publication of the prices.

2. With reference to paragraph 2 of the Government Memorandum quoted above, I enclose a copy of my reply to the telegram received from the President, Ryots' Association, Hospet.

3. The President states in his telegram referred to above, that a "loss" of Rs.40,000 is involved in the adoption

of revised rates in lieu of those already notified. The correctness of this statement is examined below:

Taking into account the actual transport of sugar on rails at Hospet during the period 12th January 1941 to 30th March 1941, the weighted average of the prices of sugar on rails at Hospet according to the audited statements of Messrs:Fraser and Ross works out to Rs.267 per ton, but if instead of these prices the prices notified by the Tahsildar, Hospet between the 13th January 1941 and 31st March 1941 are taken into account, the weighted average of the notified prices works out to Rs.277-14-0 per ton. The average difference between the two sets of sugar prices is therefore Rs.10-14-0 per ton, and this leads to a difference of 0-7-10 in the price of cane per ton, taking into account the formula Rs. $\frac{S \times P}{200}$ on the basis of which the price of cane is regulated with reference to the price of sugar. (S = Selling price of sugar per ton - Excise duty of Rs.60 per ton, and P = Percentage recovery taken as 9 in this case). The total sales of sugar out of the cane crushed in the 1940-41 season amounted to 20,563 bags of 2 cwts each or to 2056 tons, and to manufacture this quantity of sugar, the quantity of cane required will amount to 2056 x $\frac{100}{8.722}$ tons or 23,573 tons adopting the recovery percentage for the 1939-40 season. If the loss to the ryots by the adoption of revised rates is only Re.0-7-10 per ton as calculated above, the total loss will amount to only to Rs.11,536. The statement that a loss of Rs.40,000 is involved in the adoption of revised rates in lieu of the notified prices is therefore very much exaggerated

for Director of Industries and Commerce.

G.M.

Copy of letter dated 30th May 1941 from the Director of Industries and Commerce, Madras to the President, Ryots' Association, Hospet.

I am directed to inform you that in the determination of revised prices of sugar, the prices actually realised by the factory on rails at Hospet according to the statements of accounts audited by Messrs:Fraser and Ross, Chartered Accountants, Madras have been taken into account and that a more accurate basis for the determination of the prices could not have been adopted.

281

15294-A/41

9-6-41

From (Name) L.B.Green, Esq., O.B.E., Department

Designation Director of Industries and Commerce,

Station Chepauk, Madras.

Received 8 JUN 1941 Registered

To.

The Secretary to Government,
Development Department,
Madras.

No. dated 7th June 1941.

Sir,

Sub: Agriculture - Sugarcane - Minimum prices - Payment of dues by the India Sugars and Refineries, Ltd., Hospet.-

--

A statement of the prices of sugar which ruled in the Bagalkot market during the period 13th January 1941 to 31st March 1941 as reported by the Senior Marketing Officer, Bombay Province was submitted to Government in my letter dated 24th May 1941. I have received to-day another statement from him giving comparative quotations for Mysore sugar, Kolhapur sugar and Hospet sugar at Hubli for the same period, and the prices reported are as follows:--

p 281 below

(Rate per Ton).

Date and month.	Jhonson's crystals (crystalline)								
	Mysore sugar.			Kolhapur sugar.			Hospet sugar.		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
From 13-1-1941 to 10-2-1941 ..	285-	0-	0	282-	8-	0	280-	0-	0
" 17-2-1941 to 3-3-1941 ..	287-	8-	0	285-	0-	0	282-	8-	0
" 10-3-1941 to 7-4-1941 ..	285-	0-	0	285-	0-	0	280-	0-	0

The prices reported for Hubli will be seen to be much higher than those reported for Bagalkot. They are also observed to be higher than the prices of sugar on rails at Hospet determined by me on the basis of the statements of accounts of the India Sugars and Refineries, Ltd., Hospet as audited by Messrs. Fraser & Ross, the difference in the prices for successive weeks ranging from Rs. 10/- to Rs. 14-13-4 per ton.

p 241 above

Director of Industries and Commerce.

From P. Ramachendra Rao B.A.
President Ryots Association, Hospet.

S.No.
16414-Mu
23.6.41-
Sri S.K.Rao

To

The Secretary, to Government of Madras,
Development Department

Sir,

Ref: 1. Your memorandum No 7400-A/41-8 dated 17-5-41
2. Letter No. 8/41 dated 17-5-41 of the Director of Industries, Madras notifying the revised rates of sugar.
3. Letter No nil dated 30-5-41 in reply to my telegram dated 26-5-41

Sub: Sugar cane -minimum prices-Hospet controlled area- revision of rates originally notified by Govt. week after week-protest-deplore-sacrifice of principles-consequences disaustrous-pray cancel revision.

In continuation of my letter dated 28-5-41 and in obedie ...e to the above references I beg to submit the following for your kind consideration and favourable orders.

1. Your memo No 7400-A/41-8 dated 17-5-41 reached me only on 26-5-41 through the Collector of Bellary.

Director of Industries letter No S/41 also dated 17-5-41 notifying the revised rates has probably reached the Tahsildar of Hospet by about the same date (26-5-41) and published thereafter.

This simultaneous action Viz (1) your intimation to me that the correctness of the rates admitted by the Factory are under examination by the Director of Industries and (2) Director of Industrie's final determination of the revised prices on the same day (17-5-41), and the ~~revised-prices~~ reaching of both of them at Hospet simultaneously is a clear handicap to the ryot in asmuch as he ~~he~~ is not given any time to submit his case against the revision hurriedly effected without the knowledge of the ryot.

2. The Government was pleased to issue a Draft Notification No 916/13-11-40 regarding fixation of minimum price for

for cane. The ryots' suggestion for enhancement of the basic price from Rs 7-4-0 to Rs 9-8-0 was duly submitted. The final notification dated 6-1-41 confirming the draft notification in toto was published on 14-1-41. As per this notification the Director of Industries successively determined and published sugar rates week after week commencing from 13-1-41 till the end of the season enabling the ryots to deduce the price for his cane therefrom. As such the ryot was guranteed the precise value for his cane supplied to the Factory. In the circumstances the ryot is legally entitled to be paid for his canes supplied :—

i. on and from 25-11-40 to 12-1-41 (both inclusive) at the rate notified and published on 13-1-41, in the absence of any publication of rates week after week during the period.

ii. on and from 13-1-41 till the end of the season at such rates as were notified and published week after week.

The revision is therefore unnecessary and not binding on the ryots Coming off on 17-5-41 long after the supply of cane, it is unseasonable and tends to shake the confidence and trust reposed in the Government.

3. The intention of Sec. 4 of the sugar cane Act 15/34 is to elicit opinion of all concerned by sufficient previous publication. The revision now effected being in respect of Government's original notified rates, technically and legally require prior opinion of all concerned. In asmuch as the ryot is not given any chance to submit his case aginst revision, the revision is anomalous and one-sided.

4. Letter dated 30-5-41 from the Director of Industries states that in the determination of revised prices of sugar, the prices actually realised by the Factory on rails at Hospet according to the statements of accounts audited by M/s Fraser & Ross, Madras, have been taken into account and that a more accurate basis for the determination of prices could not have been adopted. If the revision is effected for securing a greater degree of accuracy in the determination of the prices of sugar the intention may be appreciable apart from other considerations since the prices of sugar is made to rule the price of cane by the notification.

5. Thus the correct determination of sugar prices of sugar

sugar being of vital importance it is believed the Govt. intended by their notification to base their determination of prices on upright and unquestionable data and also acted accordingly.

6. Unfortunately the basis adopted in the revision for the correct determination of prices of sugar is one-sided and doubt -ful.

7. The basis for the de-termination of the prices of sugar adopted in the revision is the prices of sugar actually realised by the Factory on rails at Hospet(as alleged)for their sugar, contrary to the intentions of para 3 of the notification governing the principles and procedures to be adopted in determining the price of sugar. This sort of assumption is unwarranted and inconsistent. The audited figs. of the Factory may come in only as consultative ones in addition to many other factors that call for consideration in determining the price of sugar as required by the notification, but may not themselves act as conclusive ones to the exclusion of other factors.

8. Further the Govt. could easily imagine circumstances and contingencies whch would render the " prices actually realised by the Factory" basis (adopted in revision) variable,unreliable, unreasonable,impracticable and even impossible of existence. To mention one such-an indifinite postponement of sales of sugar on speculative grounds-

9. The adoption of this basis has caused deviation from well-established recent procedural precedents also, distortion of- and frustration of the meaning and intentions of the notifiaation respectively. This basis if left uncorrected will perpetuate heavy loss to the ryot even in future years also.

This much, for the REVISIONS' illusory purpose , impropri ety of its basis and resultant havoc.

10. It is regrettable to note that the Govt. are pleasd to effect such a revision of their own previously notified rates at a time which calls for urgent help from Govt. to usher in measures such as remission, compensation and ameolioration for healing up the hard-hit ~~of the~~ ryot.

The ryots deplore and respectfully protest this REVISION which is detrimental and unjust.

12. The ryots are not paid as yet even as per the revised rates. Further as regards the payments already made proper proportionate increased price of cane is not offerd with the rise of the price of sugar coming between fives(rupees).

13. The ryots therefore implore the Government to be please to withdraw the revision and kindly direct payments as per Govt. rates originally notified and published.

Yours obediently,

Hospet, dated 18-6-41. A Ramachandra Rao.

President, Ryots Assn. Hospet.

Copy submitted to:-Director of Industries, Madras.
Director of Agrigylture, Madras.
Collector of Bellary, Bellary.

C.F. 32.

Urgent

Magisterial DEPARTMENT.

In reply, please quote number, date and short title.*

Received _____ *Registered* 16945

ASSISTANT SECRETARY TO GOVERNMENT
27 JUN 1941
DEVELOPMENT DEPARTMENT

From (Name) A.D . Crombie, Esq.,C.I.E.,I.C.S.,

(Designation) District Magistrate,

Post Box _____, (Station) Bellary.,

Telegraphic Address _____

To

The Public Prosecutor,
Madras.

Ref.C. *No.* 502/41B3, *dated* 25-6-41 19

Sir,

* Sub:- Sugarcane Act- Hospet Sugar Factory Failure to settle the accounts and pay the Sugar cane price to r yots- Prosecution of the Manager of the company.

--

n. c. Ref:- your letter Crl.M.P. No.1/41 dated 17.6.41.

SPARE COPIES _____

****

The Manager of the India Sugar Factory Hospet was prosecuted under the Madras Sugarcane rules (1) for non-payment for the cane purchased at the rate fixed by the Government (2) for not publishing every day the rates of cane fixed by Government from time to time, (3) for not maintaining correct accounts as required by rules etc. In these cases, the Manager was convicted and fined by the Joint Magistrate,Hospet, the Managing Agent approached the Government for reconsideration, and the Government issued revised rates for purchase of cane. In fixing the revised rates Government adopted the rate at which the factory sold its sugar at Hospet, as the price of sugar is made to rule the price of cane. Government also ordered at the same time that the prosecutions against the Manager may be withdrawn if the factory paid the ryots at these revised rates for the cane purchased.

Even these rates, the factory took objection and contend that the sales commission and sales tax should be excluded from the selling price of sugar in determining the price of

price of cane per ton. The Manager therefore paid the ryots at a lower rate than the revised rate by excluding the sales tax and commission from the selling price of sugar

The question of excluding the selling, commission and sales tax from the prices of sugar for determining the price of cane is said to be under the consideration of the Government. As per Government Orders, prosecutions should be withdrawn only after payments are made in full according to the revised rates. The Managing Agent has since deposited with me a sum of Rs.8000/-, which represents the sales, commission and the sales tax. The prices paid already and the deposit amount will be equal to the total value of cane purchased at the revised prices determined by the Director of Industries, Madras. I have accorded sanction in this Office Ref.C.502/41B3 dated 20-6-41 for the withdrawl of the pending prosecution of the manager - C.C.79/41 on the file of the Joint Magistrate Hospet . You need not therefore opposed the petition.

The affidavit received from you is herewith returned.

26.6.41

For Dt. Magistrate.

HVR.26-6.

26/6

Copy submitted to the Government of Madras, (Development Department.)

Copy to Director of Industries, Madras.

Copy to Director of Agriculture, Madras.

Dev Dept

Submitted for perusal. May be added to the main file C.No 7400 A/41 which is now with the Legal Dept.

I may see. We may treat this as urgent. As will transfer the file on 14.7.41

The Second Advisor,

Govt. of Madras,

Madras.

Honoured Sir,

We the undersigned ryots,(sugar-cane growers) most humbly beg to bring the following few lines, to your kind consideration, and pray for just orders.

1. We have supplied cane to the Sugar Factory, entirely on the strength of the Govt.Notification dated 14-1-'41; and there is no case for the revision of rates as published recently by the Director of Industries and Commerce.

2. We have represented our grievances more than once through the President Ryot Association Hospet; but are afraid, that the Govt. have not at all gone through these lines.

3. Though we are entitled to get according to the Notification dated 14-1-'41 on the rates published by the Thasildar under the instructions of the Director of Industries, none of us have been paid even as per the recently published rates.

4. We are of opinion, that the wording of the Govt. orders, gives room for interpretation; and thus some scope to the Factory to pay its own game.

5. The Govt. is requested to clearly instruct the Factory, that the weekly price of cane should be calculated strictly in proportion to the sugar price prevailing during the corresponding week, on the given scale.(Viz. When the notified sugar price, during a particular week, were to be

P. T. O.

Rs.263/- or Rs. 263-8-0, the cane price is to be calculated on this price of Rs. 263/- or Rs. 263/8/-, and not on Rs. 260/- or Rs. ~~265/--the-e~~ i.e. in between the scale prices of Rs. 260/- to Rs. 265/- the cane price is to be increased at 8,6 pies per rupee.)

6. In view of the abnormal and serious loss incurred by the sugarcane growers, which is mainly due to the sudden closing of the Factory, and its ill advised policy, that was responsible to burn hundreds of acres of cane-crop, the Govt. is humbly requested to send immediate orders (i) to settle the out-standing bills with interest on credits from the date of cane supply. (ii) To calculate all bills strictly according to the proportionate cane price as per the notified sugar prices and scale, since no supplier is paid accordingly, as yet. (iii) To pay all the suppliers their arrears with interest. (iv) To pay compensation to those whose crop had to be burnt, on the bases of acerage.

We most humbly beg and request the Government to kindly pass immediate orders and relieve the cane-growers from their anxiety, for which act of kindness we shall ever remain grateful.

We beg to remain,

Honoured Sir,

Your most obedient servants,

Kamalapuram,
Hospet Tq.,
Dated 25-6-'41.

K. Varadachar

Copies submitted to:-

1. The Director of Agriculture, Madras.
2. The Registrar of Co-operatives, Madras.
3. The Dt.Collector, Bellary.

K. V. Narasimha Lah

P. Ramachandra

b. [illegible] notice, namely:

2. [illegible] of an operative, no [illegible].

1. [illegible] signature, [illegible].

c) [illegible] :-

Your most obedient servant,

Dated 20-3-[illegible]

[illegible]

Name of Party,

Number of [illegible]

to be sent to Headquarters

right hand [illegible]

Sir or Madam, [illegible] of Circular No. 209-B-C, the [illegible] to be sought to [illegible] No. 209\- of No. 209\- to May 209\- the C.M.E. [illegible] to be increased- [illegible] No. 209\- of No. 209\- between the [illegible] Price [illegible] No. 209\- of No. 209\-, and not on [illegible] [illegible] No. 209\- of No. 209\-C, the [illegible] to be sought to

[illegible] [illegible] [illegible] [

To

The Manager,

I. S. & R. Ltd.,

H O S P E T.

Sir,

Sub:- Weekly cane prices paid by you.
******

We the undersigned cane-suppliers are of opinion that you have not calculated our bills in proportion to the weekly rates as even recently published in the Tq., Office under the instructions of the Director of Industries and Commerce Madras; and hence we request you to kindly furnish to the below given address, the weekly rates of cane at which you have calculated our weekly tonnage, within three days from the date of the receipt of this letter.

Kindly also inform us when the arrears due from you will be paid to the respective suppliers.

Kamalapuram,
Hospet Taluk,
Dated 25-6-'41.

Yours faithfully,

K. Vasudevarao & eleven other important supplies have signed in the Original

Address for reply:-

K.Vasudevarao,
Secretary,
Ryot Association,
Kamalapur.(Hospet Tq.)

Dev Dept

Communication at Pt 3-7 above is submitted herewith for perusal. Legal Dept has been reminded x to return the main file urgently. As return may be awaited. For perusal

27/6

S

3/7

DEVELOPMENT DEPT.

Memorandum No.7400-A/41-11 dated 12.7.41.

Subject:-Agriculture - Sugarcane - Minimum prices - Hospet controlled area.

Reference:-Memorandum 7400-A/41-9 dated 23-5-41.
From the District Magistrate, Bellary, Ref.C.No.502/41 B.3 dated 25-6-41, to the Public Prosecutor, Madras, (copy recd.)

In the letter to the Public Prosecutor, Madras, cited above, it has been stated that the revised rates of prices of sugar have been published by the D.I.&C. and that the question of excluding selling agent's commission and sales tax from such prices is under the consideration of Govt. The Collector of Bellary is informed that the Govt. have decided that these deductions are not permissible. He is requested to ~~to disburse~~ have disbursed the amounts deposited with him by the factory to the suppliers of cane and to submit the report called for in paragraph 2 of Govt.Memorandum dated 23rd May 1941.

2. It has been represented that the factory had not calculated prices of cane proportionately with reference to rise per rupee in the price of sugar per ton. According to the sliding scale in the notification the ryots are entitled to be paid proportionately for every rise in price of sugar above the basi price. The Collector is requested that the factory adopts this method

calculation in the payment of the prices of cane to the growers.

To the Collector of Bellary.

GOVERNMENT OF MADRAS.
DEVELOPMENT DEPARTMENT..
Memorandum No.7400-A/41- 11
Dated, Stonehouse Hill, the 12th July 1941.

Subject:- Agriculture - Sugarcane - Minimum prices - Hospet controlled area.

Reference:- Memorandum No.7400-A/41-9 dated 23rd May 1941.
From the District Magistrate, Bellary, Ref.C.No.502/41 B.3 dated 25-6-41, to the Public Prosecutor, Madras (copy received).

In the letter to the Public Prosecutor, Madras, cited above, it has been stated that the revised rates of prices of sugar have been published by the Director of Industries and Commerce and that the question of excluding selling agent's commission and sales tax from such prices is under the consideration of Government. The Collector of Bellary is informed that the Government have decided that these deductions are not permissible. He is requested to have the amounts deposited with him by the factory disbursed to the suppliers of cane and to submit the report called for in paragraph 2 of Government Memorandum dated 23rd May 1941.

O/C.

DEPUTY SECRETARY TO GOVERNMENT.

To the Collector of Bellary.

303

1167

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

25 JLY 41

15/50. Received here at _____ H. _____ M. 19779

23 JUL 1941

Q. (PK.) Bellary 21-

Second Adrison Govt- madras.

Hospet Factory not settled sugar=
=cane Bills yet even according
latest published rates pray
action

Secretary Ryots
association Kamalapuram

The sequence of entries at the beginning of this telegram is—class of telegram, time handed in, serial number (in the case of foreign telegrams only), office of origin, date, service instructions (if any), and number of words.

This form must accompany any inquiry respecting this Telegram.

Lal Chand & Sons, Printers, Calcutta—No. 447 R (B-95)—24-5-40—30,000 Bks

M. issue in Dept. (with encl.)

29-7-41.

Dep. Dept.

Memo No 7400-A/41-13 dt 29-7-41

Subj: Agriculture - Sugarcane - Minimum prices - Payment of dues on the basis of Sugar and Recoveries etc., regret.

Ref: Correspondence ending with Memo. No 7400-A/41-11, dt 12-7-41

dt 30.1 C.F.

With reference to the enclosed copy of a telegram dt 25.7.41 from the Collector of Bellary

dt 25.4 C.F.

re matter of finally settling up their accounts in

the Collector of Bellary is requested to report immediately in what state the report called for in para 2 of the Memo. No. 7400-A/41-9, dt 23-5-41, and to state when it may be expected.

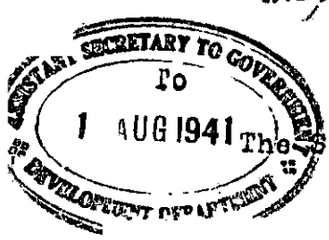
to the Coll. of Bellary (Memo 5-8-41)

29-7-41

28/7/41

20386

A.D.Crombie Esq., C.I.E., I.C.S.,
Collector, Bellary.



To The Secretary to Government,
Development Department,
Madras.

Ref. C. No. 502/41 B-3 dated 30-7-1941.

Sir,

Factory - Sugarcane Act - Maximum prices - Payment of dues by the India Sugar & Refineries Ltd., - Hospet.

Ref: Your Memorandum No. 7400-A/41-13 dated 29-7-1941.

With reference to the Government Memorandum No. 7400-A/41-11 dated 12th July 1941, orders were issued in this office Ref.C.502/41 B-3 dated 25th July 1941 to the Managing Agent of the Hospet Sugar Factory to disburse the balances to the ryots within a fortnight and claim the refund of the amount deposited by him with me. A copy of the order is enclosed. A similar telegram was received in this office also and a copy of the order was sent to the Secretary, Ryots' Association, Kamalapuram. A further report will be submitted on receipt of reply from the District Agricultural Officer, Bellary regarding the disbursement of the balances and final settling up of the accounts.

31/7/41

For Collector.

S. 31/7

Copy to the District Agricultural Officer, Bellary.
Tahsildar, Hospet.
Sub Collector, Hospet.
Managing Agent, Sugar Factory, Hospet. for disbursing the amount and finally settling up the accounts without further delay.
Treasury Deputy Collector, Bellary.
President, Ryots' Association, Hospet.
Secretary, Ryots' Association, Kamalapuram Hospet.
B-3 (3 copies)

Proceedings of the Collector of Bellary.
A.D.Crombie Esq., C.I.E., I.C.S.,

..of.C. No. 562/41 B-3 Dated 25-7-1941.

Factory - Sugarcane Act - Hospet Sugar cane factory - Deductions on account of commission and sales tax not permissible - Disbursement of deposit amount.

O r d e r.

The amounts already paid by the Managing Agent, to the cane suppliers are not the prices published by the Director of Industries, Madras. The question of excluding the sale commission and the sales tax from those prices was under the consideration of the Government. They have since decided that such deductions from the prices of the Director of Industries are not permissible. The Managing Agent has deposited with the Collector a sum of Rs. 8000/- which represents the sales tax and the sales commission. The Managing Agent, Sugar Factory at Hospet is directed to disburse the balance to the ryots within a fortnight and to claim the refund of the amount deposited by him with the Collector.

The District Agricultural Officer, Bellary is requested to verify the accounts of the Managing Agent after a fortnight and report to this office so that the amount deposited may be refunded to the company.

(by order)
Huzur Head Clerk.

P.S. 25/7.

To the Tahsildar, Hospet.
Copy to the Sub Collector, Hospet.
" District Agricultural Officer, Bellary.
" Director of Industries & Commerce, Madras.
" Director of Agriculture, Madras.
" Managing Agent, Sugar Factory, Hospet.
" Treasury Deputy Collector, Bellary with reference to his L.Dis. 998/41 dated 19-6-41.
" President, Ryots Association, Hospet.

Secy. Ryots' Association, Hamalapuram.

THE INDIA SUGARS & REFINERIES, LIMITED.

(Registered Office: Hospet, Bellary District)

20847 Mul

LAMALINGAM,
Managing Agent.

Codes Used :—Bentley's.
Tel: "SUGARS" Hospet

Ref. No. 3686

HOSPET, Bellary District.
6.8.41.
4th August 1941.

The District Magistrate,
B E L L A R Y.

Dear Sir,

-p309 abstract

Ref: Your Order Ref. C.No.502 dated 25-7-1941.

Sub: Cane payments to Suppliers.

With reference to your above order, we have already commence payment of the balance of the amount due to the cane suppliers as per the revised rates communicated to us. A copy of the notice put up on the Board is herein enclosed for your kind information.

Yours faithfully,
For THE INDIA SUGARS AND REFINERIES LIMITED,

MANAGER.

PKS.

Copy to: 1. The Secretary, to Govt., Development Dept., Madras.
2. The Director of Industries, Madras.
3. The Director of Agriculture, Madras.
4. The District Agricultural Officer, Bellary.

Dev. Dept.

Submitted for perusal. May be added to main file.

8.8.11/8

I may see

12/8/41

Asst Secretary

11/8/41

313

The India Sugars & Refineries, Limited.

(Registered Office: Hospet, Bellary District.)

V. RAMALINGAM,
Managing Agent,

Hospet, Bellary District.

Codes Used:—Bentley's
Tel "SUGARS" Hospet.

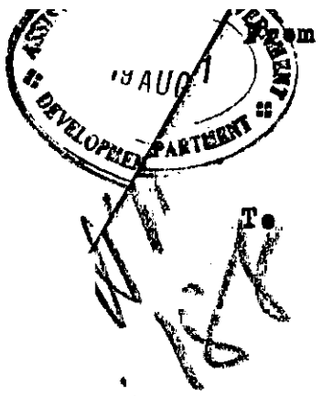
3rd August 1941.

Ref. No.....

N O T I C E.

As the Government have now decided that no deduction in respect of Sales Tax and Sales Commission should be made from the revised prices of sugar notified by them, the cane suppliers are informed that they may call at this office any day during office hours and receive payments of the balance due to them as per revised government rates.

MANAGER.



22310

From

The Secretary Ryot's Association,

Kamalapur. (Hospet Tq.)

To

The Dt. Collector,

B e l l a r y.

Honoured Sir,

Sub:- Payment of Sugar Cane prices (Maximum) by the I.S.R. Ltd., Hospet.

****

I. The Hospet Sugar Factory is making payments for the last one week to all the suppliers as per the revised rates of the Director of Industries and Commerce.

II. But the ryots are complaining that, still the Factory are unfair and have taken the lower scale between the two given scales completely ignoring the intervening prices. For example, when the sugar prices on 16-2-'41 and 23-2-'41 are mutually Rs. 269-9-10 and Rs. 269-14-11 respectively, the Factory has calculated the tonnage at Rs.937/- which is the cane price on Rs. 265/- and have purposely neglected the extra price to be given on Rs.4-9-10 and Rs.4-14-11 respectively at 8.6 pies per rupee.

III. Hence on behalf of the ryots I humbly request you to do justice by sending immediate orders to the I.S.R. Ltd., Hospet, to calculate the cane prices and pay at 8.6 pies per rupee on the sugar prices between the scales without further delay. For which act of kindness the ryots shall ever remain grateful.

Yours faithfully,

J. Chandrappa
President

~~Secretary~~, Ryots' Association,
Kamalapur.

Dated 9-8-'41.

Copies to:-

1. Second Adviser to Government, Madras.
2. The Registrar of Co-operatives Madras.
3. The Dt. Agricultural Officer, Bellary.

Revenue. DEPARTMENT. 22091

In reply, please quote number, date and short title.*

Received *Registered*

From (Name) A.D.Crombie, Esq.,C.I.E.,I.C.S.,

(Designation) Collector,

Post Box . (Station) Bellary.

Telegraphic Address

ASSISTANT SECRETARY TO GOVERNMENT
18 AUG 1941
DEVELOPMENT DEPARTMENT

To

The Secretary to Government,
Development Department, Madras.

Ref.C. *No.* 502/41-B3 *dated* 16- 8-41. 19

Sir,

Enclosures

Spare Copies

*Factory- Sugar cane- non- payment of dues to cane suppliers- by the Sugar Factory- Copy of the Judgment of the Sessions Court on appeals against Judgment of the Joint Magistrate, Hospet- Submitted.

- p. 307 above

Ref:-This Office Ref.C.502/41-B3 dated 30-7-41 in reply to Government Memorandum No.7400A/41-13 dated 29-7-41.

- 305 above

The factory has commenced the disbursement of the balances to the cane suppliers. A further report will be submitted after hearing from the District Agricultural Officer, Bellary.

pp 319-324 below

2. A copy of the judgment of the Sessions Court, Bellary on the Criminal appeals Nos. 11,12 & 13 of 1941 filed by the Managing Agent ,Hospet against the Judgment of the Joint Magistrate, Hospet in C.C.Nos. 53,54 & 58 of 1941 is herewith enclosed for ~~favour of~~ information.

For Collector.

hvr.17/8.

17/8

Dev. Dept.

Submitted for perusal.

The further report may be awaited till 10.9.1941

ER 15/9/41.

In the Court of Session of the Bellary Division,

The 1st Day of August 1941.

Present: E.E.Mack Esquire, I.C.S.,Bar-at-Law,Sessions Judge,

Judgment in Criminal Appeals Nos.11,12 and 13 of

From what Court the appeals are preferred.	Joint Magistrate,Hospet.
Numbers of the Cases in that Court.	C.C.Nos.53,58,and 54 of 1941 respectively.
Numbers of the Appeals.	C.A.Nos.11,12 and 13 of 1941.
Name and description of the appellant.	C.M.Rajabathar of Hospet(accused) appellant in all the three Criminal Appeals..
The sentence and law under which it was imposed in the lower court.	In C.C.No.53/1931: Fine of Rs 300/- in default simple Imprisonment for one month under Rule 11(2)(d) read with Rule 10(1)(i)(c) and (d) and Rule 10(1)(ii) of the Madras Sugarcane Rules 1938. In C.C.No.58/1941. Fine of Rs 300/-in default simple imprisonment for 3 months under Rule 11(2)(b) read with Rule 9(2)(a) of the Madras Sugarcane Rules 1938. In C.C.No.54/1941. 500/. Fine of Rs 5000/-In default simple Imprisonment for 3 months under Rule 11(i)(b) read with Rule 8(1) of the Madras Sugarcane Rules 1938;
Whether confirmed,modified,or reversed;if modified,the modification.	The convictions in all the three cases are confirmed. The sentence of fine of Rs 500/-passed in C.C.No. 54/41 connected with C.A.No.13/41 is also confirmed but the sentences of fines of Rs 300/- and Rs 300/- passed in C.C.Nos.53 and 58of 1941 connected with C.A.Nos.11 and 12 of 1941 are reduced to Rs 50/-in each case. In all the three cases there will be no default imorisonment for nonpayment of fines.

Date - of, or on which,	In all the three appeals.
Presentation.	14-5-1941 in the High Court. Received in this Court on 29-5-1941.
Filing.	23-6-1941
Notice issued by Court to appear.	23-6-1941
Bail bond if appellant has been let out on bail.	-- ---
Appellant ordered to appear.	29-7-1941.
Hearing.	29-7-1941.
Order.	1-8-1941.

These Appeals coming on for hearing before me,upon perusing the petitions of appeals and the record of the evidence and proceedings, and upon only considering the same after hearing the arguments of Sri T. Raghava,Advocate for the appellant and the Public Prosecutor contra in

contra in all the three appeals I do adjudge and pass the following

Judgment.

1. These three appeals by the manager of the India Sugars and Refineries Limited, Hospet against fines of Rs 500/-, Rs 300/- and Rs 500/- respectively for disobedience of the rules framed under the Sugar-cane Act XV of 1934 may be conveniently considered and disposed of to the judgment.

2. By That Act Provincial Governments were empowered to declare any area a controlled area and to fix minimum prices to be paid to Sugarcane growers. Hospet was declared a controlled area in 1938. Under Rule 8(1) of the rules all payments to growers have to be made at not less than the minimum prices fixed within 24 hours of weighment if so demanded by the vendor. per breach of this rule appellant has been convicted under Rule 11(1)(b) and fined Rs 500/- by the Joint Magistrate Hospt in C.C. No. 54 of 1941. The appeal against this sentence in C.A. 13 of 1941. Thus for failure to maintain registers showing the rates at which sugarcane was actually purchased and for failure to maintain the three most important columns of a register required by the rules showing the rate a t which cane was actually purchased and the price actually paid in breach of rules 10(1)(c and (d) and also for failing to keep a chitta or memorandum with counterfoils showing purchases and payments as required by Rule 10(2) the appellant was fined Rs 300/- under Rule 11(2)(d). Finally in C.C. No. 58 of 1941 the appellant was fined Rs 300/- for violating Rule 9 and failing to put up at such purchasing contra notices showing the minimum prices periodically fixed by Government. The failure to maintain these registers and to put up the notices showing the minimum prices is admitted in appeal. The plea taken by Sri Raghava is that the Managing Director of the India Sugars and Refineries Limited was engaged in correspondence and negotiations with both the Government of India and the Provincial Government in protest of the minimum prices fixed in accordance with a notification of the Provincial Government, Ex.G dated 14-1-1941 which in supersession of two previous notifications fixed a sliding scale of prices.

In the course of a lengthy argument Sri Raghava sought to file in appeal a number of documents. I only permitted him to mark four documents in appeal under Section 422 Cr.P.C. as he pleaded that they would have at any rate an important bearing on the question of sentence. Ex.I is a Provincial Government notification dated 18th October 1940 cancelling two previous notifications fixing minimum prices of sugarcane. The next notification fixing the new sliding scale is No.31 dated 14th January 1941. Sri Raghava urges that the main charge he has to meet is that of not paying the sugarcane growers the prices to which they were lawfully entitled from 25-11-1940 to 29-1-1941. The learned Public Prosecutor points out that a draft notification calling for objections was published on 13-11-1940. In any event there can be no doubt, nor is it seriously disputed that sugarcane was in fact purchased from growers who were not paid at minimum prices even subsequent to the final notification published on 14-1-1941. The admitted procedure is that the Director of Agriculture, fixes prices each week in consultation with the Tahsildar. Sri Raghava urges that the managing agent petitioned to the Government of India against Ex.G over the head of the Provincial Government misled by the old Section 3(2) of the Sugarcane Act, in which the words "Subject to the control of the Governor General in Council" were deleted after Provincial Autonomy. He pleads that the Government of India did not send him a reply till 3-4-1941 referring him to the Provincial Government Ex.11 is a letter the company received from the Director of Industries dated 30-4-1941 on which date these cases come up for trial before the Joint Magistrate. In that letter the Director of Industries required some statements of prices certified by Messrs Fraser and Ross, Madras to be expedited and said that in the meantime he understood from Government that the cases would be proceeded with. Ex.III contains certified statements of prices showing the weekly average scales and prices certified by Fraser and Ross from December to March. Ex.IV is an original letter from the District Magistrate dated 24-3-1941 calling urgently for a report as to whether the suppliers of cane had been paid fully according to the prices fixed and that if this had been done

~~to the end of May~~ help the appellant at all.

~~these documents help the appellant at all.~~ They merely emphasize the fact that even up to the end of May the authorities were far from ~~sa~~satisfied that the cane growers were receiving not merely minimum prices but even any cash payment for the ~~kkkk~~ cane supplied.

4. The sugarcane Act requires a manager to discharge the responsibilities and to pay the penalties under the Act. The appellant who was appointed by the company in this capacity appears to be a comparatively insignificant person and works under the orders of the managing agent. He was rather extraordinarily not represented by any Vakil in these trials. Sri Raghava complains that there was ~~xxxxxx~~ cross-examination and that even when asked to explain the offences appellant said nothing at all. I am wholly unable to follow why a very large concern like the India Sugars and Refineries Limited, Hospet denied to their statutory manager whom they appointed under the Act any legal assistance at all before the lower court. Sri Raghava did not appear there in the case till a very late stage on 30-4-1941 and asked for an adjournment on the ground that a settlement between Government and the company was likely. The learned Joint Magistrate quite rightly proceeded with the case and when he delivered judgment on 5-5-1941 the appellant was conspicuous by his absence and he had to issue a non-bailable warrant for his production. It would appear that the managing agent of this company did not take these prosecutions at all seriously. All the arguments put forward in appeal should have been put forward in the lower court by Counsel who should certainly have appeared for the company before the Joint Magistrate from the earliest stages. This neglect of the bar and general apathy over these prosecutions certainly do not encourage an inference that the cane growers were receiving better consideration and a fair deal. Rule 13 moreover lays down that the District Magistrate should not make a complaint or order a prosecution under Rule 11'1)(h) unless he is satisfied that there is a general complaint about

non

non.payment by the company. These facts and the general behaviour of the Managing Director suggest a persistent disregard of the Local Government notifications fixing minimum prices under cover of a representation to the Government of India. The obvious course for the company was to have obeyed the notification in all respects while making their representations. Further it would appear that the company had also sufficient time after the draft notification was published to represent their grievances. It is not the province of a Criminal Court to decide whether the minimum prices fixed are equitable or not.

5. Coming now to the main conviction in C.C. No. 54 of 1941 for breach of Rule 8(1) Sri Raghava urges that the company had made advances of money to cultivators of sugar-cane and that under this rule payments have to be made to them within 24 hours of weighment only if so demanded by the vendor. He lays stress on the last proviso and pleads that there is insufficient evidence to show that demands for payment within 24 hours of weighment were in fact made. There is however plenty of material on record unchallenged by any cross-examination to show that the company had not been paying for the sugarcane they purchased in cash at all, quite apart from their obligation in addition to pay the sugar-cane growers under the control of the Co-operative Department, Madras. Its secretary has been examined and he has said that Rs. 11,000/- more was due from the company out of 2105 tons of sugar-cane supplied up to 25-1-1941 and that in spite of demand the company had not paid up. Two cultivators were also examined who had been paid nothing for several tons of sugar-cane supplied in January 1941 even up to 30-4-1941. The prosecution had its origin in an enquiry made by the Agricultural Demonstrator, Hospet who received many complaints from the growers as regards non-payment. There is therefore ample evidence that quite apart from the obligation on the company to pay the growers within 24 hours at minimum prices in many cases the growers were not paid at all for some considerable time. If the company did in fact make advances to cultivators, a plea now generally and vaguely put forward, care should have been taken to see that the supplies

of sugar-cane were adjusted to these advances in regularly kept accounts at the minimum prices fixed. There was absolutely no cross-examination of these witnesses in the lower court and the conviction of the appellant in C.C. No. 54 of 1941 is quite correct.

Coming to the question of sentence a fine of Rs. 500/- is the maximum punishment under Rule 11(1)(b). It is extremely difficult for me to say that it is not well merited in this case in view of the large number of sugar-cane growers who were obviously affected by the total disregard by the appellant of Government notifications by which he was bound. The only consideration in extenuation is a plea that more than three lakhs of rupees has by now been paid in cash by the company to sugar-cane growers. As regards this there is no material on record; nor can full payment to all the sugar-cane growers at minimum prices for all their supplies be a sufficient atonement for what has undoubtedly been a persistent disregard of Government notifications. The fine of Rs. 500/- taking all circumstances into consideration is in my opinion not excessive and is confirmed in C.A. No. 13 of 1941. The other two convictions in C.As. 11 and 12 of 1941 for admitted breaches of the rules are also confirmed but the fines will be reduced from Rs. 300/- to Rs. 50/- in each case. In all three cases there will be no default imprisonment for non-payment of fine as there are indications to show that the manager acted all through under the orders of the managing agent who even denied to him legal assistance in meeting these charges against him. With these modifications the appeals are dismissed.

(sd) E.E. Mack,
Sessions Judge.

The following exhibits were filed:-

For the appellant in C.As. 11, 12 and 13/41.

I/18-10-1940 Notification in the Bellary District Gazette dated 23-10-1940 regarding cancellation of notifications re-minimum price of sugar-cane for purchase in Hospet Revenue Taluk.

II/30-4-1941. Letter from the Director of Industries to the Managing Agent of the India Sugars & Refineries Ltd. Hospet.

III/15-5-41. Letter from Messrs. Fraser & Ross with certified statements showing weekly average of sales.

IV/24-5-41. Proceedings of the District Magistrate calling for a report regarding the payment of dues to suppliers of cane at the prescribed rates.

Top 7 to print Magistrate's Order
Link the case records
C.C.Nos. 53, 54 & 55/41.

N.Dis 957/41.
7.8.41.

Forwarded (Sd)
Asst Registrar
Hon. Ht. Court.

30698

From

I.M.Fraser Esquire, I.C.S.,
Collector of Bellary, Bellary.

To

The Secretary to Government,
Development Department, Madras.

Ref.- C.No. 502/41-B3. dated 4-11-41.

Sir,

Sub.- Factory - Sugar cane - non-payment of dues to cane suppliers - Further Report - Hospet Sugar Factory.

153254 Ref.- Government Memorandum No.7400 A/41-9 dated 23-5-41.
above

The District Agricultural Officer, Bellary, has reported -- that the India Sugars and Refineries Ltd., Hospet, has made payments to the sugarcane vendors according to the revised prices published under the authority of the Director of Industries and Commerce, Madras, but he points out ~~that~~ that when the price of sugar fell between the ~~two~~ two rates notified in column 2 of the Schedule appended to the notification issued with G.O.No.Mis.28, dated 6-1-1941, the factory paid at the lower rate ignoring the intermediate figures. For instance, when the price per ton of sugar was 269-14-0, the factory paid Rs.9-3-7 per ton of cane which is the rate fixed, when the price of a ton of sugar is Rs.265/-. The Director of Agriculture, Madras, also says that when the price of sugar fell between two ranges, payments ought to have been made with reference to the higher price level rather than with reference to the lower one. The notification referred to above does not, however, warrant such payments. I think that the payments already made by the sugar factory must be taken to be correct and do not call for any interference, since payments were made fully and since some cane vendors of Kamalapuram have informed me in writing that the payments made by the factory were just and reasonable, I request the Government to permit me to -- refund the sum of Rs.8,000/- deposited by the Manager of the factory

I.M.Fraser

Collector.

Two drafts

~~Draft~~

Dev. Dept.

Memo No. 7400A/41-5 d. 14.-11-1941.

Subject:- Agriculture- Sugarcane- Hospet controlled area- Zoning- Legislation.

Reference:- Correspondence ending with letter from the D.A.,CNo. 69-41 dated 30-~~4~~-1941.

The Govt. do not consider it necessary at present to undertake any legislation for the purpose of restricting the purchase of sugarcane by the India Sugars and Refineries, Ltd., Hospet, to any particular areas.

Director of Agriculture.

Dev. Dept.

Letter No. 7400 A/41-6 d. 14- 11- 1941.

To

Sri V. Ramalingam,

Managing Agent,

The India Sugars and Refineries Ltd.,

Hospet.

(with enclosure)

Enclosure:- A letter in original

Sir,

Reference: Your letter dated 4-4-1941 addressed to Mr. H.M. Hood, Second Adviser to His Excellency the Governor of Madraa.

I am directed to return herewith the letter from the Hon'ble the Resident in Mysore, enclosed with your letter cited above.

I have etc.

End.

Dev. Dept.

Memo No. 7400 A/41-7 d. 20-11-1941.

Subject:- Agriculture-Sugarcane-Hospet controlled area- India Sugars and Refineries, Ltd., Payment of minimum price.

Reference:- Letter from the Collector of Bellary, Ref. C.No.502/41 B 3 dated 4-11-1941.

The Govt. agree with the Collector of Bellary in the view that Messrs the India Sugars and Refineries, Ltd., Hospet, have made payments to the sugarcane - vendors according to the revised prices published under the authority of the Director of Industries and Commerce, Madras.

To the Collector of Bellary.
Copy to the D.A. with copy of
Copy to the D.I.& C. Collector's letter.

Dev. Dept.

Letter No. 7400 A/41-8d. 20-11- 1941

To

The Secretary to the Govt.of India,

Department of Commerce,

New Delhi.

Sir,

Subject:- Agriculture- Sugarcane- Fixation of price.

I am directed to refer to your tele-- gram No.127 T dated 25-3-1941 and to Mr. Mukherji's letter No.127 T (7)/41 dated 3-4-1941 forwarding to the Govt. of Madras, for disposal, a representation from the Managing Agent, The India Sugars and Refineries, Ltd., Hospet, dated 15-1-4 The price realised By the factory for its sugar f.o.r. Hospet, as revealed by its accounts, was adopted as the basis for the payment for the cane purchased by it in the 1940-41 season.

For the 1941-42 season, the Govt. of Madras have ~~on the representations~~ of the factory and the cane growers, revised the system of price fixation for the cane purchased by the factory from within

taluk of the Bellary district and have notified

(i) a basic minimum price per ton of sugarcane (Rs.3/) irrespective of the price of sugar; and

(ii) a minimum price per ton of sugarcane (Rs.6-1-7.2) when the average price of white sugar is Rs.180/ per ton with a sliding scale and distinct rates of rise for the local and foreign varieties of canes, for every rupee rise in the price per ton of white sugar over the average price of Rs.180/.

A w p. 115 g (R)

B w p. 115-116 g (R)

C w p. 116 g (R)

Ex. petn. 2, c.s. 1/1

The average price per ton of white sugar will be calculated on the price realised on rails at Hospet for one ton of white sugar excluding excise duty and sales tax but including commission to selling agents during the period commencing on and from 1-12-1941 till 15-6-1942.

In regard to the payments to be made for the canes purchased by the factory, the Govt. of Madras have notified that the basic minimum price should be paid within fifteen days after the completion of delivery at the factory and that the excesses over and above that price should

DEVELOPMENT DEPARTMENT.

Subject: Acts and Rules - Indian Sugarcane Act - Hospet Controlled area - Fixation of minimum price of cane - Refusal of cane by the Sugar Factory and delay in payment - Representations.

(C.No.7400-A/41).

From Basavanna Goud and others, telegrams dated 12-3-1941.
Endorsement No. 7400/41 dated 13-3-1941 to the Collector, Bellary.
Telegram No. 7400/41 dated 13-2-1941 to the Collector, Bellary.
From the Collector, Bellary Ref.C.No.502/41 dated 15-3-1941.

In G. O. No. 28, Development, dated 6-1-1941, the Government notified a minimum price for sugarcane on a sliding basis with reference to the prevailing price of sugar for the Hospet area in Bellary District. The Hospet Sugar Factory objected to the weekly settlement of accounts contemplated by the notification and has preferred an appeal to the Government of India. The factory requested this Government to suspend the operation of the notification pending the disposal of the appeal by the Government of India. The factory was informed that the Government were not prepared to accede to the request for suspension of the notification. Meanwhile, there were representations from the cultivators that the factory had either stopped purchasing sugarcane or was refusing payment in accordance with the notification and that they were withholding payment, pending the disposal of the appeal preferred to the Government of India. The remarks of the Collector, Bellary, were obtained on these allegations and on his report, the Government permitted him to prosecute the Manager of the Factory for infringement of the provisions of the Sugarcane rules. The cases are now proceeding. Some of the ryots have since sent

telegrams to the Government representing that -

(i) the factory is forcing suppliers to sign agreements accepting a price of Rs.7-4-0 per ton for this season and the next and on the latter refusing, the factory has refused them supply permits, that

(ii) the bills in respect of supplies already made have not yet been settled and

(iii) that the crushing season may be extended to April.

The Collector, Bellary was asked to report on the present situation. His report is at pages 11-13 c.f.

2 Item (i) above. The Collector states that the factory had put up a notice to the effect that it would pay the basic price of Rs.7-4-0 per ton for cane supplied and a bonus later, after the disposal of their appeal to the Government of India. A few ryots agreed to these terms but the rest of them refused to supply cane to the factory on these terms. The Collector says that there is nothing to show that the factory obtained any agreement for the next year as alleged in the telegrams sent to the Government but that it is being further investigated.

3 Item (ii) above. The factory wants to settle the bills only after the Government of India have disposed of the appeal and is evidently trying to coerce the ryots to agree to its terms and to embarass the Government by purchasing cane from Hyderabad. Under section 3 (3) of the Indian Sugarcane Act, 1935, the Provincial Government may, by notification in the local official gazette, prohibit in any controlled area, the purchase of sugarcane intended for use in any factory otherwise than from the growers of the sugarcane or from a person licenced by the Provincial Government to act as a purchasing agent. Under the above provision, this Government have issued a

No 1206 dt 2.3.38

Legal may be consulted on this point. a

can not [illegible] that they have contravened the notfn. if the persons purchase they purchase are growers (though in Hyderabad) Cane

notification which will be found on page 1 of (B). The action of the Factory in purchasing sugarcane from Hyderabad seems to contravene this notification. Under section 5 of the Indian Sugarcane Act, purchasing sugar cane at a price less than the minimum price notified under section 3 (2) or in contravention of any prohibition made under section 3 (3) is an offence punishable with fine which may extend to Rs. 2,000/-. The Collector reports that as the actions of the factory constitute further breaches of the rules, the cases are being taken to the file of the Sub Divisional Magistrate for trial on the continued offences which call for a deterrent fine being imposed on the factory.

Item (iii) on page 2 above. With a view to minimising their difficulties, the ryots request that the crushing season be extended to April. This does not seem possible under the rules without the co-operation of the Factory. The factory alone has to determine the duration of the crushing season and to notify the authorities regarding it.

The Collector reports that about 2,000 acres of local cane would be left uncrushed and that the season is far advanced to convert the cane into jaggery. This would result in heavy loss to the ryots and the Collector apprehends that it may adversely affect also the revenue collection in the area.

asked to intimate the present stage of the appeal.

Vdo/18.3.41

CR/3/41

The notice referred to by the Coll was put up by the Factory on 9.3.41 The D.I.& C's office does not have information about the wholesale price of sugar F.O.R. Hapet on that date but they say that the price on 3.3.41 was Rs 280 per ton and that on 10.3.41 was Rs 277-8-0 per ton. The price on 9.3.41 should have been about Rs 277-8-0. Under the notice on p 389 of (F), the Factory should have paid for sugar cane at Rs 9-10-0 a ton. If the Factory had purchased sugar cane on or after 9.3.41 at Rs 7-4-0 a ton, the Manager can be prosecuted for an offence under Sec 5 of the Sugarcane Act, 1934. Perhaps the Coll may be asked to consider this question. He is competent to order the prosecution under Sec 6 of the Act. — p. 21 of the Act pol. P

7A/1873

S

The whole object of the Act and the idea of controlling the prices is ~~[illegible]~~ to ensure fair price for the produce of cane-growers in the Controlled area. This is defeated by the wording of §3 which does not clearly prohibit a factory from buying from growers outside the ~~[illegible]~~ Controlled area Legal may kindly advise whether the action of the factory in buying from outside is allowed under the Act.

CR/1873

337

LEGAL DEPARTMENT.

p 29th Act, para 4

1. Section 3 (3) of the Sugar-cane Act enables the Provincial Government to prohibit in any controlled area the purchase of sugarcane intended for use in a factory except from a grower of sugarcane or a licensed purchasing agent. The prohibition cannot extend to purchases made outside the controlled area. The prohibition will apply to purchases in a controlled area whether the factory in which the sugarcane is to be used is situated within such area or not. I am afraid therefore a notification under section 3 (3) cannot prohibit any purchases made outside a controlled area whether from a grower or non-grower.

b 29th Act, para 4

When purchases are made within a controlled area the minimum prices specified in the notification under section 3 (2) will apply whether the purchase is from a grower within the area or without it. The essential thing to be remembered in this connection is that the prohibitions contained in the notifications under sub-sections (2) and (3) will apply only to purchases within the controlled area.

1389

Pae
19/3/41

DW

Ex Dept 1287-I
19.3.41

ASSISTANT SECRETARY TO GOVERNMENT
19 MAR 1941
DEVELOPMENT DEPARTMENT

Mi-7 C

8015

Mi 1+5 C

DEVELOPMENT DEPARTMENT.

(Previous notes need not be read).

This file is concerned with certain allegations made by some of the ryots of Hospet against the Sugar Factory there. The allegations made are.-

(1) that the factory is forcing suppliers to sign agreements accepting a price of Rs.7-4-0 a ton of sugarcane for this

season and the next and to declare the Government control unnecessary

(2) that on the suppliers refusing to agree to these terms, the factory has refused them supply permits,

(3) that bills in respect of supplies already made have not yet been settled and

(4) that large quantities of cane remain uncrushed.

The request made by the ryots is that the factory may be asked to extend the crushing season till the end of April.

Allegation (1) The Collector says that the factory did put up a notice on 9-3-1941 to the effect that supplies would be paid at Rs.7-4-0 a ton now and a bonus later after the factory's appeal to the Government of India has been disposed of. At the price of sugar ruling at Hospet on 9-3-1941,(it should have been about Rs. 277-8-0 per ton) the factory should pay the suppliers at Rs.9-10-0 for a ton of sugarcane. If the factory had made any payments at a rate less than that admissible under the notification on page 389 of (F), the Manager of the factory can be prosecuted for an offence under section 5 of the Sugarcane Act, the penalty for which is a fine which may extend to Rs. 2,000.

Allegation (2). Subject to the terms of notification 1008 dated 15-12-1938, it is open to the factory to decide from which individuals it will purchase

sugarcane. It does not therefore appear that the Government can do anything in the matter of refusal of permits by the factory.

Allegation (3). The factory is being prosecuted for a similar offence. For continuing to commit the same offence, the factory can be prosecuted under rule 12 of the Sguarcane Rules. The Collector is taking necessary action in this regard - see para 4, on page 12 c.f.

Allegation (4). The Collector says that the present action of the factory will result in about 2,000 acres of local cane being left uncrushed. This situation, the Collector anticipates, will cause difficulty in collecting land revenue The Collector says that the season is far too advanced to convert this uncrushed cane into jaggery. The D.A. may perhaps be asked to report at once whether something cannot be done to prevent this sugarcane becoming waste.

A similar situation may arise in the next season also if the factory continues to adopt its present attitude. To remedy this, it will be necessary to stop the factory from purchasing sugarcane from outside the controlled area, so long as the controlled area is able to supply all the cane required by the factory. There is however no provision in the Sugarcane Act or in the rules issued under that Act to prohibit the factory from making purchases outside the controlled area.

The Collector reports that the factory has purchased 3,000 tons of sugarcane from Hyderabad at Rs.7-1-2 a ton - delivery at the factory. It is not clear from the Collector's letter whether the

actual sale was effected at the factory or anywhere outside the controlled area. If the sale was outside the controlled area, no action is possible against the factory but if it was within the controlled area, the Manager can be prosecuted under section 5 of the Sugarcane Act. — p2 with Act

As regards the request of the ryots to extend the crushing season to the end of April, this is a matter left entirely to the decision of the factory. See rule 10(2)(c)

Submitted for orders. Please see Secy's remarks on p 4 and Legal Secy's views on the points expressed in his note on p 5-ante

74
20/3
S

Col may at once write to Coll. for details of the nature of the transactions in Hyderabad Cane to ascertain where the purchases were effected — within or outside the Controlled area. Draft telegram below. Issue.

CK
20/3/43

The Coll. will be asked to consider the question of prosecution under § 5 of the Act to enable more deterrent fines than is possible under the rules — § 5 provides for maximum fine of Rs 2000 as against a maximum of Rs 500 for offence under rule 11(1) read with rule 6(1).

The Coll. and the D.A. will be asked to advise the ryots to convert the cane into jaggery without further loss of time.

The question whether it is not possible for the Provincial Govt. to prescribe the Zones within which

a factory should buy its cane will be examined. The Coll. says that the factory may not require any more cane as it has purchased its requirements for the season from Hyderabad. The question of restricting the area of purchase will be examined immediately in case the factory may require more cane even during this season

CM
21.3.41

Sir We had better write to India & enquire whether any appeal has been sent to them & if so what is happening about it. Any reference to this dispute must be forwarded as soon as possible. If it is the Dr & Morris he had better be consulted again

HTB
21.3

A draft telegram to India and a draft memo to the D.A. are submitted for approval.

JH
21/3

CM
21/3

CMH
21/3/41

p 17 cf [Telegram to India dated 21.3.41.]
ff 19-20 cf [Issued as Memo No 7400 A/41-5 dated 21.3.41]
p 21 cf [From the Collector, Bellary Roc. C No 502/41-B3. d 19.3.41.
p 23 cf [From the Collector, Bellary Telegram d 22.3.41]

The proceedings of the Collector, Bellary sanctioning the prosecution of the Manager the Sugar Factory Hospet for further breach of the Sugarcane rules are at p. 21 cf.

The Collector has also reported in reply to the telegram sent to him on 20.3.41 that the factory purchases came in Munirabad, Hyderabad State, that weighment & delivery are made at the above place and that payment therefor is made at Hospet & at Munirabad. p 23 cf. p 15 cf.

The Reply from India and the further report called for from D.A. may perhaps be awaited before further action is taken in this file. M sent tel of p 11 cf ff 19-20 cf

Copies of the Bihar Sugar Factories Control Act 1937 and the U.P. Sugar Factories Control Act, 1938 are submitted for perusal. Both the Acts contain provisions for restricting the purchase of cane intended for use in a particular factory to a reserved area. It is for consideration whether Legal may not be asked to advise on the issue of a notification under Section 3(3) of the Indian Sugar Cane Act, 1934. to provide for similar restriction in this province. for orders Books put up & 15 in both the Acts. A on p 9 above for U/S.

A in Secy's note on p 9 ante. -

The Bihar & the U.P. Sugar Factories Control Acts Specifically

provide for particular areas being reserved for the purpose of the supply of cane to a particular factory during a particular season. The Sugar-cane Act, 1934 does not contain a corresponding provision. It does no also appear that the Provl. Govt. have power to prescribe by a notification issued under Sec. 3(3) of that Act, the zone from which the Hospet Sugar Factory should purchase its requirements of cane. The D.A. suggests that this Govt. should enact fresh legislation on the lines indicated in his draft on pp. 29-30 c.f. This seems to be the only remedy available to prevent a recurrence of the situation brought about by the factory. The Govt. of India's reply to the telegram on p. 17 c.f. may perhaps be awaited before the question of introducing fresh legislation is pursued further.

2. In the telegram on p. 15 c.f. the Collector of Bellary was asked to report details of the transactions regarding the purchase by the Sugar factory of cane from Hyderabad. The telegram on p.23 c.f. contains his reply.

3. According to the Collector's report - para 5 on p. 12 c.f- about 2,000 acres of cane will remain uncrushed on account of the action of the Sugar factory in purchasing cane from Hyderabad. The D.A. was asked to advise the ryots and if necessary to render them the necessary help to convert this cane into jaggery. The D.A. reports that the ryots are not keen on adopting the advice given by his officers. He has however

instructed the Dy. D.A. and the A.D.A. concerned to intensify their propāganda in this regard. It does not appear that anything further is possible. It may however be noticed that in a normal season, even if the factory purchases all its requirements from the notified area, it will not be able to utilise all the cane produced there.

24/3 S

[From the D.A. No C 69/41 dated 24.3.41] 31 ?2 cf.

The D.A. has reported that the Pers 2, 11
Sirsakai at Hospet appears to have changed in favour of the cultivators in view of the difficulties of the factory in getting the desired quantity of cane from Hydrabad. The Sirsakai is being closely watched by the department. Further report from the D.A. may be awaited.

For orders

Telegram d 25.3.41 from India. p 37 cf.

Please see the reply from p 37 cf.
India in regard to the Appeal stated to have been submitted to them by the Hospet Sugar factory. The detailed communication promised and ~~the appeal~~ may be awaited.

26/3 S

p.41 C.F. Ltr. to the Collector Bangalore No. 586. A. 1 & 31.1.41

p.48 C.F. From the

Pp.49-53 C.F. From the [illegible] 1.41.41 & 2.4.41

Pp.55-77 C.F. From Sri V. Ramalingam, dated 4-4-41

~~From the A.R. C. dtd 4-4-41~~

p.79-89 C.F. From the [illegible] 4.4.41

p.91-103 C.F. From Sri V. Ramalingam [illegible]

p.104 C.F. Letter to Sri V. Ramalingam [illegible]

p.51 C.F. At the instance of Sri V. Ramalingam the Collr., Civil and Military Station, Bangalore has forwarded a solvency certificate of Sri Ramalingam — p.53 C.F.

With his letter on pp.55-59 C.F Sri Ramalingam has enclosed an explanation answering certain allegations raised against him by the Ryots. Govt Secy. has enquired whether we receive any allegations against the Managing Agent such as those referred to by the Agent in his explanation

Submitted that no such allegations have been received here from the Ryots' Association, Hospet. However the explanation throws some light on the Managing Agent's action as to why he has been transporting sugarcane from Munirabad — see the

answer to charge 6 on pp. 75-77 C.F.
The Agent explains that this supply of
cane from Munirabad is not a special
feature for 1940-41 season, but for
the past five years the ryots there (K p. 77 C.F.
in repayment of the advances already
received by them several years back
have been regularly supplying cane
at much cheaper rate and at most
advantageous terms than Hospet ryots
This aspect was not been referred to
either by the Collr. of Bellary or the D.A pp. 11-13 C.F.
in their previous reports & pp. 25-27 C.F
If necessary, the correctness of the Agents
statement may be verified later,
by a reference to the collector
or the Dir. of Agriculture.

The Govt. of India have forwarded p. 79 C.F.
to this Govt. for Disposal the appeal pp. 81-89 C.F
(in original) preferred by Sri V. Ramalingam
against the notification on p. 389 of (F)
Go-Ms. 28 Dev. dt 6.1.41 and want
to know in due course the action para 2, p. 79
taken in the matter by this Govt
In the appeal the Managing Agent
prays that the notification in question p. 89 C.F.
should be cancelled. ~~to save the Hospet~~

347 - 15

389 of (F)

p. 91 C.F.
Secy's remark on p. 95 C.F.

Sri V. Ramalingam has also filed a revision petition on pp. 93-103 C.F for cancellation of the notification dated 6-1-41 and has asked for waiting a deputation on A_2. A_2 has agreed to receive the deputation at 11 A.M. on 9-4-41 and Sri V. Ramalingam has been informed accordingly - p. 105 C.F

The file may now be submitted to A_2 for use at the deputation.

8/4

S/

CM
8/4/41

8/4/41

A_2

I have discussed this matter with (1) Sri S.L.Mannaji Rao, (2) Sri Rao Bahadur A. Rajahbadar Mudaliar (3) Sri V. Sundaramurthi and (4) V. Ramalinga Mudaliyar.

Their arguments are all the same. They have raised two points

(1) If payments are insisted on at the published scale agreed on a basis of weekly payment they say that the factory will incur serious loss and Mr. Ramalingam suggested that the loss will be in the neighbourhood of Rs.40,000/-. The whole of the basis of their argument is that they do not agree to making these payments on a weekly basis, but wanted to make them on an average price. The average price will be the same as the weekly price if there is no great fluctuation in the weekly price. That would result in the same price being paid at a late date as would have been paid on a weekly settlement. It is contended that there has been a fall and that a further material fall is possible. It was pointed out that there could be no object in fixing scales of prices based on a price fixed in one week only if those prices are not to be followed but only an average price struck according to the prices they actually realised throughout the season until the last of their sugar had actually been sold at some considerable period after the close of the crushing season.

(2) They now state that the weekly published prices are not correct. This is an entirely new point and is in fact raised for the first time to day. I have refused to discuss with them and referred them to the Director of Industries who is responsible for the publication of these prices. They urge that the f.o.r. price at Hospet does not represent the real price as their main market is somewhere in Bombay Presidency and the price there fluctuates and it has nothing to do with the f.o.r. price Bellary because of the freight. Their argument in this point is almost entirely specious and appeared to be based on the supposition that [illegible]. They claim to have sold their sugar at about Rs.20/- a ton below the prices published by the D.I.C.

9.4.

~~+8~~ 350

C 7400A

From Sri V. Ramalingam dt 10.4.41

p111 CF.

I have issued D.O instructions to C&H to instruct the Prosecutor not to oppose any application for adjournment. ... 113 C.F.

As regards the words Realized at ruling at Hospet" in paragraph 2 of the Managing Agent's letter, those words are quoted from my notifn. and are not objectionable the words obviously mean market prices for Hospet the correctness of the prices published by the DD&C is to be discussed by them with the D.J

p 111 CF

F
p 359

No further action is necessary by us until we hear that payments have been made up & dak according to the notifn

for perusal

CAM
10/4/41

114

pp 115-131 C.F

p. 147 C.F

pp. 149-151 C.F.

pp. 115-131 C.F — with reference to the mahazar from the Cane ryots of Hospet, the remarks of the D.A. and the D Ste were invited in the endt. on p. 147 C.F. The report submitted by the D.I.Ste on pp. 149-151 C.F. may be perused. (The D.A's report is awaited A.N. 1.5.41)

see para 1, p. 147 C.F.

2 At the end of para 1 of p. 150 C.F. his report the D Ste considers that the D.A. should be consulted formally in regard to the action of the Hospet factory in discontinuing the crushing operations earlier than they should have been continued. The Dir. of Agriculture may perhaps be asked to report also on this point when sending his report on the ryots' mahazar. A draft endt. is submitted for approval

on p. 150 C.F.

His 22.4.41

22/4/41

p. 153 C.F. Issued as Endt No. 7400 A/41-5 dt 28.4.41

2D 352

D.O. from the Coll. of Bellary shown to Az. Az asked that it may be left to the Court now to proceed with the cases. The D.J.C is to be asked to have the matter of prices settled quickly. Az has no objection to the prices according to the factory's books being accepted. (Prices according to these books ranged between 262 & 270 Rs ~~Amt~~ between June & April while the notified prices were between 276 & 281 Rs). D.O to D.I. & C & Telegram to Coll. connected — p. 154 Cf

M

29/4/41

[From the D.I. & C. d. 29.4.41. No Nil.] pp 163 - 164

[From the D.I. & C. d. 29.4.41. No Nil.] pp 167-168 Cf

[Telegram d. 29.4.41 from Managing Agent, Hospet Sugar Factory] p 167 Cf.

From the Communication from the Director of Industries and Commerce, at pp 165 - 168 Cf. are submitted for perusal. pp 165 168 Cf.

A on p. 166 Cf.: Presumably, the factory intends to pay off the suppliers of cane only after the certified accounts are submitted by it to the Govt. The undertaking given by the Managing Agent at the Deputation was that payments would be made up-to-date according to the notification. This has not been done so far. p 166 Cf

Para 2, p 111 Cf. & M on p 113 Cf

No note from D.I. & C. on the facts of the case has been received

Secn (25)
C No 7400/41
DS.
Manager

B on p 166 C.F.:

In view of the telegram p 154 CF to the Collector, Bellary and the D.O. to the D.I & C. issued on 29.4.41. it is too late to adjourn the hearing coming off today (30.4.41) no action seems called for on the request of the factory for order.

30.4.41

I discussed with S. No action

30/4

M. 173-180 C.F. From the D. A., C. No 64-41 C, 30.4.41.

The Dir. of Agriculture has obtained a detailed report on the cane-rysts' (Hospet) mahazar, from the D.A.O, Bellary — M. 115-131 C.F. — and has offered his own remarks on pp. 173-174 C.F. no special action seems necessary on these reports in view of the prosecution already launched against the Managing Agent. ~~for non-payment of dues to the rysts who supplied cane to the factory~~. The result of the hearing which came off on 30.4.41 is not yet known. For orders whether the file

may continue to lie over until the
collr. of Bellary or Sri Ramalingam
addresses Govt again. The D.I. of C has already
been instructed to get the matter of prices settled
as expeditiously as possible

Lis
2.5.21
3/5/21

A.I.C.C.
P. 154 C.F.

P. 4/5

I may like to see the D.A.'s report

P. 4/5

S

For perusal

There is nothing more to be done
in this file except to order the withdrawal
of the prosecution after the D.I. of C is
satisfied by the ~~factory~~ Managing Agents
about the correct prices, unless the cases
are decided in the meanwhile.

If the fines
paid
BB
8/5

On the question whether the Management
was justified in closing down crushing work
for the season at the end of March, the
last
D.A.C.'s report (paragraph 14 at p. 178 C.F.)
is not decisive. But from the D.A.'s report
at pp. 173-174 C.F., it is seen that in 1919
the factory stopped crushing at the end of
March, and in 1920 in the beginning of
April; and that in view of the distress
of the ryots this year, the factory might
have continued to work a little longer.

I do not see that
we can do
anything about
it - we cannot
make them
work their
factory
BB/5

D. 6-5-21

C. 6.5.21

CAN
6/5/21

BB
8/5

Nn 181-183 cf [From Sri V Ramakrishnaiah d. 3.5.41.]

N 185 cf [From Sri V Ramalingam. Telegram d 6.5.41]

N 187 cf [Issued as Telegram d 7.5.41 to Sri V Ramalingam]

N 189-191 cf. [From Sri V. Ramalingam Letter d 6.5.41]

N 193-197 cf. [From the D I &c. No Nil d 5.5.41]

N 199 cf [From Sri V. Ramalingam Telegram d 8.5.41]

N 201 cf [From Sri V. Ramalingam. Letter d 8.5.41]

The Managing Agent, Hospet Sugar Factory, has telegraphed that he is paying up the ryots according to certified prices and has requested the Government to agree to the Court adjourning the trial of the case. We have already made it clear to him that the prosecution cannot be withdrawn until the ryots have been paid fully. No further action is required in regard to the withdrawal of the prosecution at this stage.

2. The Director of Industries has reported the result of his examination of the statement of accoun filed by the Managing Agent. It seems from that report that the Factory has calculated the prices on the basis of the net amount realised on rails at Hospet, after deducting selling commission and sales tax from the value of the sugar realised. These two items cannot be excluded and the Director of Industries may be told accordingly. He seems to be waiting for some information from some places in the Bombay Presidency regarding wholesale prices of sugar ruling at those places. It does not seem

very necessary to wait for this information and he may perhaps be asked to accept the certified accounts, if they are otherwise accept the prices determined being the actual price of sugar realised on rails without the deductions referred to. The difference between these prices and the prices already notified ranges from about 2½ to 4 per cent. which will make a difference of ~~about~~ not more than 7 annas a ton in the price of cane.

It is also seen from the Director's report that he has examined the accounts only from 19-1-41 whereas our notification has effect from 18th October 1940. Presumably there was no crushing done between October and January. The Director's attention may, however, be invited to the date from which the notification came into force.

CM
10 5 41

AR

MM
10.5.

Draft Memo. below. Issue.

After the memo. was drafted, the Director's letter dated 7-5-41 came in. But there is nothing in that to make a revision of the draft necessary. pp 203-

CM
10.5.41

[Issued as Memo No 7400 A/41-6 d 10.5.41 to Mr D.L. &c] pp 207-208 ✓

[From Sri V. Ramalingam Letter d 9.5.41

ff 211-212 CF [From the D. I & C. No Nil d. 12-5-41

ff 213-215 CF. [From Sri P. Ramachandra Rao, President of the Hospet Ryots Assn]

ff 211-212 CF. 1. The report from the D I & C in reply to the Govt memo at pp 207-208 CF. is submitted for perusal.

The Director has called for information, vide para 1, p 211 CF. from Messrs Volkart Bros regarding the Sales of Sugar effected between the dates 18.10.40 and W.Y 1 para 1, & 2, p 207 CF 31.3.41. without deductions for Sales commission and Sales Tax.

ff 211-212 CF. 3. Paragraphs 2 & 3 of Director's letter: The Director vide para 1, p 207 CF has already been informed that he might accept the audited statement of accounts if the accounts are otherwise acceptable

p 209. CF. 4. Judgment has since been pronounced in the case against the factory The case against the factory has been fined Rs 1100

ibid

ff 213-215 CF. 5. It will be seen from the representation received from the President of the Hospet Ryots Assn that the factory has issued notices to the Suppliers of Sugarcane to receive payment for their supplies in accordance with the notification and the price certified by the Auditors. It is not clear how the factory proposes to reconcile the small difference between the two rates of prices specified in the notice. The Associations considers that the ambiguity in the notice is only a device on the part of the factory to

p 217 CF & p 221 CF.

F.
A 389.

Col 2 & 5 of SH of D I & C at p. 194 CF.

para 5 & 6, p 213 CF.

escape Rs 1 penalty for continuity of offence.
for order whether the Collector will be asked
to offer his remarks on the petn of the
Association.

Meanwhile the D.I & C may be
asked to expedite the determination of prices
for the entire sugarcane period from October
to March 1941 and to communicate the
same to the Collector, Bellary. Subject to
orders, a draft memo to the Director is
submitted for approval.

V.. 15/-

S

The factory is paying up cane according
to the prices admitted by it. & the correctness
of those prices is under examn. by the D I & C
who will notify as the results of his examn., the
revised prices which determine,
if these revised prices are higher than the
prices admitted by the factory, the diffce. also
will be paid payable to the ryots. The President
of the Ryots' Assocn. may be informed accordingly
thereof by the Coll.

Draft D/- to the D I & C may issue

CAM
15/3/41

Ref. to 13 pts of
Collr. copy been sent to Pres.
the factory cannot settle up on
the basis of two different rates

Re ambiguous wording neither
has made the ryots happy.
In a matter like this the
Collector cannot have any
helpful remarks. It seems to me
that the Govt must make it clear
to the ryots that they should accept
the rates Auditor's certified rates.

V.. 15/-

p. 225 CF

[Issued as Memo No 7400 A/41-7 d 15-5-41 to D I & C]

With reference to the order at M on p. 26 above, a draft memo is submitted for approval.

17/5

17.5.41

p. 225 CF.

[Issued as Memo No 7400 A/41-8 d. 17-5-41.]

M p 227 CF

[From Sri V. Ramalingam Managing Agent, Hospet Sugar Factory Ltr d 15.5.41

227-229 CF

The Managing Agent of the Hospet Sugar Factory has, in his letter stated that

M on p 227 CF.

(i) nearly all the supplies of cane have been paid

Para 1, p 229 CF

(ii) the crushing of cane was started only from 1.12.40 and that the canes purchased from that date have been paid for on the basis of the price of sugar

Para 2, p 229 CF.

on 19.1.41, which will be to the advantage of the suppliers and

B in para 3, p 229 CF.

(iii) the legal opinion and the practice obtaining with Messrs Parry & Co, support the contention of the factory that the price realised for sugar should be taken ~~as~~ excluding the Sales Tax and commission.

(i) & (ii) above: no action is called for.

(iii) above: The D I & C was informed

A on p 207 CF

that the deductions claimed by the factory should not be allowed in the determination of prices of sugar from time to time.

The Director of Industries will be submitting his report on the above points. His report may be awaited. — p. 27 above.

It does not appear that he has yet paid all the subsidies & bonus claimed. The question whether the deductions claimed & books or books not be allowed may be decided on receipt of the D.I. &c's report.

VDO 20.5.41

S

[From the D.I. &c S/41 d. 17.5.41] — ff 241-242 CF

Resubmitted to Dy Secy

The letter received from the D.I. &c, at ff 241-242 CF. is submitted for perusal.

As directed in the Govt memorandum dated 10.5.41, the Director has communicated to the Collector of Bellary, the prices of sugar as revealed by the audited Statement of accounts of the factory certified by Messrs Fraser & Ross the auditors. In determining these prices the Director has excluded the selling agents commission and the sales tax. The factory states however, that the deductions in this account are legitimate and that the term in the notification "the price realised on — ff 207-208 CF. ff 241-242 CF. He has merely communicated the prices in the Statement, but has not stated that they are the prices now determined by him & he should have CM 21/5/41 B on p 241 CF. para 3, p 229 CF. 2, of Notfn. E) p 59

rails at Hospet" should be taken to mean only the net price. In view of the instructions already issued to the D I & C, it is for consideration whether the question will be reconsidered now

M on p. 23 above & A on p. 207 CF

See para 2, p. 193-194 CF for D I & C's remarks on this

Though the crushing of canes started on 1.12.40 the sales of sugar have been recorded according to the D I & C, only from 15.12.40 The factory has agreed to pay, for the canes purchased before 19.1.41, on the basis of the price of sugar on 19.1.41. There were fluctuations in prices between the dates 15.12.40 and 19.1.41 but they were practically steady since 19.1.41 till the end of march 1941. The difference between the notified prices and the prices certified by the Auditors is in the range of Rs 10 - 11 per ton of sugar. In the light of the order at p. 26 above, the Suppliers may perhaps demand the difference between the two rates, for orders as to the issue of any instructions to the D I & C and the Collector, Bellary in this regard.

Para 1, p. 229 CF

A on p. 241 CF

M on p. 242 CF.

Statement at p. 241 CF

Note for the Govt. To satisfy himself that payments have been made according to the prices determined and paid by the D I & C

It is also for consideration whether the Collector, Bellary may be asked now to report how far the statement of the factory (at M. on p. 227 CF.) that nearly all have been paid is correct, if so, on what basis and whether the Suppliers have been satisfied

Is information as factory has not settled up with all the Suppliers.

Shall we enquire the Secretary or Minister

with the payments made. for orders.

DRO
20.5.41

The factory report, under the notification, to pay on the basis of the revised rates. The substitution of the Auditor's certified rates for the revised rates was a concession which Govt was under no obligation to grant. The factory can quite conceivably carry its argument further back for the deduction of mileage, for passing on [illegible] cost reductions. There would be no finality - if the principle that deductions should be allowed is accepted. Deputy Director

(7)

S

I agree.

Under our notifn. the D.I. &c's ~~notified~~ revised prices have to be published under his authority at the Taluk office &c. This may be brought to the notice of the D.I. and the Collr. The Collr. should satisfy himself that payments have been made fully according to these revised prices and report to Govt — when the question of withdrawing the processes will be considered. I understand that cases are still pending against the factory.

To Dy Secy

With ref. to orders on p. 30 above, a draft memo is submitted for approval.

22/5/41

23/5

H 253-254 CF. (Issued as Memo No 7400 M/41-9 d 23.5.41 to the D.I.&C. Delhi &c.

H 255-256 CF [From the Collector of Bellary Roc c.no 502/41-B3 d 24.5.41

H 252-258 & H 261-262 CF [From the D.I.&C. No Nil d 24.5.1941 & 27.5.41

p 259 CF [From the President Rep. Bom., Hospet, Telegram d 26.5.41

H 255-256 CF The letter from the Collector of Bellary reporting the present stage of the cases pending against the Hospet Sugar factory is submitted for perusal. No action seems called for on this letter.

p 257 CF Paragraph 1 of D.I.&C's letter.

A on p 207 CF The Director has already been informed that deductions claimed by the factory, on account of selling agents' commission and Sales Tax are not admissible in the determination of prices of sugar realised. The Director merely communicated the prices of sugar determined without allowing for these deductions to the Collector of Bellary. As the notification required, however, that the Director should notify under his authority the prices determined by him in the office of the Tahsildar Hospet that commission was paid out to them and he was asked to publish the prices in accordance with the notification. The

B p 241 CF. V. for facts in connection with the margin 21 p 28 above.

para 2, F p 389

H 253-254 CF

F p 389

Director now enquires whether it is the intention of the Govt to admit the deduction on account of selling

definite instructions issued already there seems to be no room for any doubt on this point. He may be informed that the deductions are inadmissible. As advs.

3. Paragraph 2 of D's letter.

According to the notification, the prices realised at rails at Hospet need alone be taken into account and not the prices realised by the factory at their marketing Centres. For the purpose of determining the prices realised at Hospet, a comparison of the prices at the centres is beside the point. The Director was also told accordingly. It is now pointed out that the prices of sugar at Bagalkot were comparatively lower than those at Hospet. No action is called for on this.

4 D. I & C's report at pp 261-262 CF.

Please see the reply to a previous representation made by the President of the Ryots' Associati Hospet. In the light of the assurance at B on p. 225 CF, the apprehensions of the Associati appear to be groundless. It is for consideration whether the D I & C may be asked to inform the

re Para 2 Language
The letter should admit
Govt as per Legislation.
The instructions are definite
No room for doubts
As advs
28/5

P. 28/5

P. 28/5

15 or p 207 CF
Statement at p 258 C
The D.I.C is giving timely
wholesome guidance.
28/5

✓ p 225 CF
" pp 213 & 21 "

telegram at p 259 C

This may be done. 28/5

Associations on the lines indicated by him, in his report, at present marked M. on pp 261-262 cf. for orders.

Subject to orders, a draft memo to the D I & C is submitted for consideration.

28/5/41

28/5

The dismissal of the Ranga Reddy case ordered to be a matter to delay proceedings.

28/5

The draft as amended by me may issue

28/5

pp 263-264 cf. [Issued as Memo No 7403 A/41-10 d 28-5-41]

p 267 cf. [From M. Basavana Gowda, Kamalapur Rep of Rev d 21.5.41]

p 269 cf. [From K. Venkatanarasimhachariar, Kamalapur, Rep. of Rev d 21.5.41]

pp 271-272 cf. [From Sri P. Ramachandra Rao, President of the Ryots Assn d 28.5.41]

pp 278-280 cf. [From the D I & C. No Nil d 30.5.41]

pp 281-282 cf. [From the D I & C No Nil d 7.6.41]

The Director of Industries and Commerce has communicated to the Collector of Bellary, the prices of sugar determined by him, with reference to the audited figures of the Accounts of the Hospet Sugar factory; he states that the Collector has in all probability duly published the rates in the office of the Tahsildar, Hospet

para 1, p 227 cf

2. The President of the Ryots' Association was informed that the D.I.& C would duly notify the revised

rates of the prices of sugar realised on rails at Hospet and that the canes supplied to the Factory would be paid for accordingly. For the reasons stated by the President of the Ryots' Association , he states that the Government ought not to revise the rates,already published, to suit the demands of the Sugar Factory and that the Factory is bound by the agreement, alleged to have been entered into between the factory and the Suppliers of cane. He states further that payments should be made by the Factory on the basis of the rates notified by the D.I.& C according to final notification of the Govt. The following remarks are called for, on the statements contained in the letter from the President of the Ryots' Association:-

The Govt. were not in any manner concerned with the agreement entered into between the Factory and the Ryots. The final notification made it clear that the rates published,according to the sliding scale, will have effect from 18th October 1940. The Government were convinced later, though it was on the representation of the Factory, that the prices notified by the D.I.& C from week to week were a little inflated and did not agree with the prices realised on rails at Hospet by the factory. It was was therefore decided that the prices of sugar realised, as revealed by the audited accounts of the Factory, should be adopted as the basis for payment to the ryots. In fact, the Government have turned down the proposal of the Factory for exclusion of the selling agent's commission and sales

have been anxious, from the beginning , only to secure a fair and reasonable price for the canes supplied by the ryots. In these circumstances, the petition of the Association does not appear to require any consideration. The D.I.&C has also shown that the loss of Rs.40,000/- estimated by the Association on account of the revision in rates is an exaggerated figure.

3. The comparison of prices of sugar at Hubli and Bagalkot and other places outside this province is not material for the consideration of this case as the price realised at Hospet alone has to be taken into account by the D.I.& C.

4. The Collector, Bellary would have published the revised rates determined by the D.I.& C. He may be asked to report whether the Factory has since paid all suppliers of canes according to the revised rates. Subject to orders, a draft memo to the Collector of Bellary is submitted for consideration.

16.6.41

I am not sure whether paragraph 5 of the letter from the Joint Asst Registrar Bijapur does not contain an implied threat of a Civil suit in the event of the Factory not accepting a settlement on the basis of the revised prices. The suit will, I presume, be against the factory and the Asst Registrar who revised the prices will be cited as one of the parties. I do not see any objection to it as perhaps from

to the Ryots to Contend that they supplied Cane on the understanding that they would receive payment according to the prices notified at the time of supply. Legal may perhaps be asked to advise on the legal implications of a subsequent revision of prices already duly notified.

S. 16/6

S

We may briefly state the point for advice.

CM
18/6

Seen by D.S. on 19.6.41

The Provincial Government have fixed a sliding scale of prices of sugarcane in the Hospet Taluk, under the provisions of the Sugar Cane Act. Before the final notification fixing the scale was published on 6-1-1941, the crushing season in the area had commenced. The Hospet Sugar Factory and the Cultivators of sugarcane therefore appear to have come to agreements among themselves regarding the prices of canes supplied. The Government also received copies of these agreements along with representations received from the Factory and the ryots about the fixation of minimum prices of cane. In one of these agreements, the Factory is stated to have agreed to

Notfn at (F) p 387

Act p. 1 f.

(E) p 369, draft notfn at p 7-p 76

Cf pp 147, 166 & 275 post

ibid

(F) p. 275

pay the rate to be finally fixed by the Government for all the canes that might be supplied to it. In the final notification issued by the Govt., the price of sugar has been defined to be the average price realised on rail at Hospet for one ton of white sugar including the excise duty. According to this notification, the D.I.& C has been arranging the publication, from week to week, of the price of sugar in the taluk office at Hospet. The Factor felt dissatisfied with the sliding scale of prices fixed by the Govt. and represented that the prices notified by the D.I.& C were a little higher than those actually realised by it. The Director was therefore directed to verify the audited accounts of the Factory and to republish the prices of sugar realised on rails at Hospet as revealed by the accounts of the Factory during the perio The Director has done accordingly and the Collector of Bellary has been asked to ascertain & report whether the Factory has paid all the suppliers according to these revised rates.

The President of the Hospet Ryots' Association has now represented to Government that under the Agreement mentioned above, the ryots are entitled legally to demand ~~and the factory is bound to pay~~ for the canes prices according to the rates published already under the authority of the D.I.& C. Some of the suppliers have also given notice to the Factory that they would take legal action against the Factory if it failed to pay according to the rates notified already. In view of

the veiled threats of suit against the Factory by the suppliers, the following points are for consideration:-

(1) whether the agreements between the Factory and the suppliers, referred to above, are binding on the Government,

(2) whether it will not be within the powers of the Government to revise the prices of sugar previously published in order to rectify obvious mistakes,

(3) whether the Government could not accept a settlement of payment for supplies of cane on the basis of these revised rates, and

(4) whether in the event of the suit between the ryots and the Factory Government could be included as a party, arising out of the revision of the rates of prices.

Legal may be requested to advise on the above point

Legal

Legal Department

Point (1) above. It is clear that any agreement entered into between the Factory and those who supplied sugar-cane to it cannot in any way be binding upon the Government, as the Government were not parties to the agreement. The mutual rights and liabilities of the Factory and the suppliers of sugar-cane will no doubt be regulated by the terms of the agreement. If under

the agreement, the Factory is bound to pay the prices payable according to the notifications first published under the authority of the Director of Industries and Commerce, the suppliers will be entitled to recover those prices from the Factory.

2. Point (2) at page 38 ante. In this case, the Government have not revised the prices of sugar-cane originally fixed by them by the notification issued under section 3 (2) of the Act. The minimum prices of sugar-cane fixed by that notification was based on the prices realized on rails at Hospet for one ton of white sugar, and the prices of the white sugar was to be published every Monday under the authority of the Director of Industries and Commerce at the office of the Tahsildar of Hospet. It was these prices of white sugar, as published from week to week, which were subsequently revised. If an obvious mistake had been made in the calculation of these prices, there was no legal objection to rectifying the mistake and revising the prices. The revision of the prices will only have the effect of exempting the Factory from a prosecution under section 5 of the Sugar-cane Act for a contravention of the provisions of section 3 (2) thereof, if, as presumed, the prices paid by the Factory are in accordance with the revised and reduced prices, although falling short of the original prices. The question whether the Factory is entitled to claim the benefit of any such reduction in the prices of sugar-cane will depend upon the terms of the agreement between the Factory and the suppliers, and the Government have nothing to do with it.

3. Point (3) at page 38 ante. The question put is not quite clear. The 'settlement' referred to is presumably a settlement between the Factory on the one hand and the suppliers of the sugar-cane on the other. If the Factory and the suppliers are willing to come to an agreement on the basis of the revised rates, there is no question of the Government 'accepting' the settlement, for the settlement will be quite valid even without such acceptance. In other words, the settlement does not require the consent or approval of the Government for its validity.

4. Point (4) at page 38 ante. In a suit between the Factory and the suppliers raising any question as to the amount payable by the former to the latter, the Government cannot properly be included as a party. If however, the validity of the revision of the prices of white sugar is also attacked and a declaration is sought asaagainst the Government, that such a revision is ultra vires, the Government cannot be said to be improper or unnecessary parties to the suit. A prayer as against the Government for a declaration that the revision is ultra vires may well be combined in the same suit with one as against the Factory for the recovery of any additional sum which may be due to the ryots who supplied sugar-cane to the Factory, on the basis of the rates originally notified under the authority of the Director of Industries and Commerce. Even if a declaration is made as against the Government to the effect that the subsequent reduction of the rates in the prices of white sugar by the Director of Industries was ultra vires, the Government will not be liable to pay any additional sum which may

be payable to the ryots, on the basis of such a declaration. The additional sum can be recovered by the ryots only from the Factory.

DEVELOPMENT DEPT.

From the President, Ryots' Association, Hospet, dated 13-6-1941.
From the District Magistrate, Bellary, Ref.C.No.502/41 B.3 dated 25-6-41.
From Sri K.Vasudeva Rao and others dated 25-6-41.

The remarks of the Legal Department on the four points, at page 39 above, referred to them for advice may be perused.

1. The main points urged by the sugarcane cultivators in the Hospet area for the consideration of the Govt. are the following:-

(1) that they are entitled legally to demand payment from the factory for the supplies at the rates of cane/first published by the D.I.&C. in accordance with the Govt. notification;

(2) that the revision of the rates of prices of sugar made by the D.I.&C. is one-sided and unreasonable and should be withdrawn;

(3) that the factory has not paid the ryots for supplies of cane even at these revised rates; and

(4) that the factory should be asked to calculate the prices of cane proportionately to the rise in prices of sugar between two stages in the sliding scale notified by the Govt.

3 Item (1) on page 41 above. The ryots seem to base their claim on the agreements stated to have been entered into between them and the factory. If the agreements provide in express terms that the factory should pay for the canes at the rates notified by the Government, it is open to the ryots to press their claims successfully against the factory -- please see the Legal's remarks on this point. The Government have only fixed the minimum prices for the area by the notification. Contractual relations created between the ryots and the factory by agreements in modification or amplification of the notification is not a matter for the consideration and decision of the Govt.; nor are such agreements binding on the Government.

4 Item (2) on page 41 above. The ryots think that the rates of prices of sugar previously published were revised at the instance of the factory and that they should also have been consulted before such revision. The President of the Ryots' Association contends that under section 4 of the Sugarcane Act, their opinion should have been elicited by previous publication. It is submitted that the Govt. did not rescind the notification issued in January 1941 and publish a fresh notification under section 3(2) of the Sugarcane Act. What was done

was only a revision of the rates of prices previously published by the D.I.&C. according to Government notification. The factory represented that the prices so published from week to week were inflated and that the prices of sugar realised on rails at Hospet should be taken into account. The Government considered that there was some force in this argument. The India Sugars and Refineries is the only factory in the area and the Director of Industries and Commerce was therefore directed to adopt the sale prices of sugar as revealed by the audited accounts for the factory for the period and to republish the rates. The Govt. did not agree to the exclusion from the prices so determined of selling agent's commission and sales tax as suggested by the factory. The revision was necessitated by the obvious variation between the prices realised on rails at Hospet and the prices published by the D.I.&C. at first. Legal have agreed that there is no legal objection to revising the rates by the D.I.&C. to rectify obvious mistakes, In the opinion of the Govt., the revised prices secured to the ryots fair and reasonable prices for their canes. In the circumstances it was not necessary to consult the ryots and their contention that the revision was one-sided is therefore untenable.

In this connection the question whether the Govt. could be impleaded as a party in a suit between the factory and the ryots was considered. Legal have pointed out that if they chose the ryots could implead Govt. as a party and seek for a declaration that the revision was ultra vires. The fact that there was no rescision of the notification and that the revision in rates was only for rectifying an obvious mistake would seem to be adequate plea for ~~taking such a step~~ revising the rate.

5 Item (3) on page 41 above. The factory was prosecuted under the Madras Sugarcane Rules, 1938, for non-payment of the prices for canes purchased.

The Manager was also convicted and fined Rs.1,100/-. An appeal against this decision is pending in the High Court. In his letter to the Public Prosecutor, Madras, the District Magistrate and Collector, Bellary, has reported that the factory has paid the suppliers of cane lower rates and has deposited with him a sum of Rs.8,000 which represents the sales commission and the sales tax. It is also stated that the prices paid already and the deposit amount will be equal to the total value of canes purchased at the revised prices determined by the D.I.&C. The Collector presumes that the question of excluding the selling agent's commission and the sales tax is still under consideration. The Govt. have held that such deductions are not permissible and have also informed the D.I.&C. accordingly. The Collector may be asked to disburse the deposit amount to the ryots concerned. When this is done, payment for canes at the revised rates would have been completed.

6 Item (4) on page 42 above. In the Govt. notification the price of cane has been linked with the price of sugar. The principle of the sliding scale adopted for the area is that the factory should pay for the cane at 8.4 pies for every rupee rise in price of sugar per ton above the basic price. If the factory has not been paying according to the sliding scale the grievances of the ryots in this regard seem to be legitimate. The Collector may be requested to ask the factory to pay for the canes according to the sliding scale.

7 The other points in the representations of the ryots regarding interest on arrears and compensation for loss of crops do not arise in an examination of the revision of the rates.

8 Consequent upon a disagreement between the factory and the ryots the Govt. were able to publish the notification regarding the minimum prices only in January 1941

Pt 292 cf.

para 2 ... cf.

M m p 22 above
~ P 207 cf
8/11/7 We do not know whether he has been authorised to disburse this to the ryots. He may leave the amount disbursed.
CSH

I doubt whether we can ask the Collr to do this. The notfn. does not say that increased rate shd be paid between the stages of rise specified in it. This is a matter which he may leave to the factory & the ryots to settle. The Collr. cannot settle
CSH
10/7/41

after the crushing season had commenced. The prices fixed were announced to have retrospective effect from 18-10-40. The factory and the cultivators had in the mean time entered into agreements regarding the supply of cane, independently of Government. According to the rules the ryots should be paid for the canes within 24 hours of weighment if so demanded by the vendor. In the peculiar circumstances stated above, the factor has been able to adopt dilatory methods causing inconvenience to the suppliers.

to the C/Member, Betts

9 Subject to orders, a revised draft memo. is submitted for approval.

VSRao 11.7.41

The draft memo to the Member may be approved.

12/7

I would omit paragraph 2 of the draft. CMM 12/7.41

A2 may want this file on 14.7.41 when Mr. Ranganatha Mudaliar may be recalled here. Please send the file to Madras.

CMM 12/7.41

Omit para 2 Minute.

12/7

A2 after noon

12/7

Memo. No. 7400-A/41-11 dated 12-7-41) A2

I have seen Mr Ramanathan the minutes for fixation of prices to be paid to the ryots

as an average price based on market
of the selling season in about Sept-
+ a basic price to be paid in the meantime
full settlement to be paid when price
finally fixed

HB
14/7

A draft G.O. to the D.J & C
is submitted for approval

Y. 21/7

21/7/41

Dr's note above deserves attention
to the next year - better extract it in
a new file and draft letter on that
basis for remarks of D.J & D.A

(Extracts taken for
separate action -
C.No. 19777-A/41)

23/7

(C.No. 19778-A/41 — Telegram from the Secretary, Ryots' Assn., Kamalapur, Dt 25-7-41)

Extract of Secy's query at p 303 C.F.

In what stage is the matter ?

C. P. K.
25-7-41.

D.S.

Attention is invited to the Memo. on p 301 C.F.. The report called for from the Collector of Bellary, in para 2 of Memo. Dt 23-5-41, at p 254 C.F., is awaited.

It is for orders whether the Collector will be reminded for the report. Subject to orders, a draft Memo. is submitted.

Perused

Y. 28/7

28/7

(C.No. 20386-A/41 — From the Coll^r of Bellary, No. 502/41-B-3, dt. 30-7-41)

To D.S.

The letter from the Collector of Bellary at ↳ 307 C.F. and its enclosure at ↳ 309 C.F. may be perused.

The further report promised by the Collector, at 'A' on ↳ 307 C.F., may be awaited till 15-8-41.

↳ 307
1-8-41

1-8/41 Com 11/8m

Com 11/8m

1/1311-313/1 Letter from the India Sugars and Refineries Ltd., Ref.No.3686 dated 4-8-194

313-317/1 From the president, Mysore Meeting Mysore, dated 3/6--8--1941.

Memorandum dated 1/11 4-8-1941 77 A/41

Attention is invited to the resolutions of Sugarcane Growers' Meeting at page 317 c.f.

2. Regarding the first resolution, it is submitted that the Govt. after mature consideration have revised the prices as revealed by the accounts of the Factory. There seems to be no case to reopen the subject.

3. The matter contained in resolutions 2 and is already under the consideration of the Government.

4. As regards resolution 3, attention is invited

to the Legal Department note dn p. 5 above and para 1 of the Asst. Secretary's note on pages 10-11- ~~n/f~~ above. It is for orders whether any fresh legislation will be undertaken in the matter.

Prima facie, legislation is desirable. Control may be rendered nugatory if the factory purchases its requirements from outside the notified area. The cost of transport is no doubt a deterrent but apparently that did not prevent imports of sugar cane during the last crushing season.

S. 13/8

The letter of Mr. Ramachandra Rao and the Resolns. mainly relate to 1941-42 and did not enter the top file.

CAM
13/8/42

[The note has been taken over to the link file Com. 19777/A/42.]
13/8/42

13/8/42

p 315 cf

From the Secretary, Ryots' Association, Kamalapur, dated 9-8-1941.

p 317 cf.

From the Collector of Bellary, letter Ref. C. No. 502/41 B 3. dated 16-8-1941.

p 325 cf.

From the Collector of Bellary, letter, Ref. C.No.502/41 B 3 dated 4-11-1941.

This file relates to the fixation of minimum price for sugar cane under the Sugarcane Act, 1934 in the Hospet controlled area of the Bellary district during the 1940-41 crushing season and to the payment of price for the cane purchased by the factory.

2. Attention is invited to the Collector's letter on page 325 c.f. As regards the non-payment of the price of cane in proportion to the rise in the price of sugar between any (of the) stages detailed in the schedule appended to the notification on page 389 of G.O. No.28 Dev dated 6-1-1941, reference is solicited to para 6 of the note on page 44 above and the Secy's orders thereon. No further action is called for on this point. It is however submitted that in the notification fixing the price for the 1941-42 season this difficulty has been avoided by detailing the prices for every rupee rise in the price of sugar.

(F)

pp 115-117 g (R)

The factory has made payments according to the revised prices published under the authority of the D.I. & C. The Collector of Bellary may be informed that there is no objection to the refund of the deposit to the Managing Agent of the India Sugars and Refineries Ltd., Hospet, Subject to orders, a draft memo is submitted for approval.

cf p 325 cf

Mm p 325 cf

Draft I Jandhalwar

3. Attention is invited to the telegram and the lett from the Govt. of India on pages 39 and 79 c.f..Perhaps they may be infomed that the price realised by the fact ory for its sugar f.o.r. Hospet, as revealed by its acct was adopted as the basis for the payment for the cane purchased by it in the 1940-41 season and that the Prov Govt. have, on the representations of the factory and o the cane growers, since revised the system of minimum price fixation

and of payment for the cane purchased by the factory. A copy of the ~~two~~ notifications* issued by this Govt. may also be forwarded to them. Subject to orders, a draft letter to the Govt. of India is submitted for consideration.

4. In March 1941, the D.A. submitted for consideration of the Govt. the draft of "the Madras Sugar Factories Zoning Act' for the purpose of assigning particular areas to sugar factories for the purchase of sugarcane and for restricting the purchase from outside ~~the~~ such assigned areas. It has since been held, with reference to the Hospet factory, that it is unnecessary to impose restrictions on the purchase of cane from outside the controlled area - para 7 on pages 92 - 93 and para 11 on page 105 of G.O. No.2014 Dev dated 3-11-1941. The D.A. may perhaps be told that the Govt. do not consider it necessary at present to enact any legislation to restrict the purchase of cane from outside the controlled areas. Subject to orders, a draft memo* is submitted for approval.

5. The letter on page 61 c.f. may be returned to Sri V. Ramalingam, Managing Agent of the India Sugars and Refineries Ltd., Hospet, as requested by him. A draft letter is submitted for approval.

PA. 13/11/41.

13/11/41

1/ I don't see why we shd. approve of the refund of Rs 5000 as proposed by the Coll. Did we sanction the deposit of this amount into the Coll? If not, we need merely advise the Coll. in his rep. at A on p. 325 CF

2/ There is no need to amend Govt Qrs 2

our notions to G.g.d. We may tell them for their information. the system we have adopt for 1941-42 Reason.

14/11

Submitted.

2. Paragraph 1 of Secretary's note on page 50 abo

The Govt. did not sanction the deposit of the amount. A revised draft memo. to the Collector of Bellary is submitted as directed.

3. Paragraph 2 of Secretary's note on pages 50-51 a

A revised draft letter to the Govt. of India submitted for consideration.

8..19/11

15/11/41.

17/11/41

S

I have cut short the draft of the letter to Delhi. They have not asked for information about the system adopted for 1941-42 but we propose to tell them for their information. that we have adopted a different system for 1941-42 — the sliding scale system We need not tell them the details of that system as they know about it fr.

20/11/41

[Memo to the Collr. of Bellary, etc.
No 7400 A/41-7 dt 20-11-41]
[Letter to the Govt. of India
No. 7400 A/41-8 dt 20.11.41]

Pages 49-51 above may be perused.

No further action is called for on this file

The papers may be

G.O. No 2185 (MS) dt 28/11/41

Recorded.

27/11

Bm 29/11/41 10 28/11

Subject:
Acts & Rules - Sugarcane Act, 1934 - Inspect Sugar Factory - Infringement of Rules - Prosecute etc - Papers - Recorded

T.M.

From the Deputy Director

To the Manager,
Office of the D.I.&C

Agriculture – Sugarcane – Price – Payment of dues by Hospet factory to cane growers – Ref. letter from the D.I.&C. No. 1761 dt. 19.4.41

In para 2 of the letter quoted above a statement received from Messrs Volkart Bros is attended showing the weekly average price realised per bag f.o.r. Hospet from Decr. 1940 to the beginning of April 1941. Please say what is the weight of sugar per bag for which the prices given relate: whether two maunds or one maund. An urgent reply is requested.

Deputy Director
23.4.41

T.C.
Please send
his
reply.
Reminder
issued
28/4.

h 149 c.f.

b/Item of
h 1580 c 7

Manager
23.4.41

OFFICE OF THE _____

Dated 23. 4. 19.

5 Hours 20 Minutes.

TELEPHONIC MESSAGE

From the Manager office of the D.S.

To the Supdt Dept + Secn

Ref your T M of date
re Weight of Sugar
per bag
p. 1 above

The weight of Sugar
per bag is 2 cwts.

From Hindu dt 22.5.41

(Before Somayya J.)

May 20, 1941.

CASE AGAINST SUGAR FACTORY MANAGER

His Lordship admitted three criminal appeals preferred on behalf of the manager of the India Sugars and Refineries, Hospet, against his conviction by the Joint Magistrate, Hospet, and ordered stay of payment of fine till the disposal of the appeal.

The manager was convicted for contravening certain provisions of the Rules framed by the Madras Government under the Sugar-cane Act of the Government of India. He was fined Rs. 1,100 on three counts.

Mr. S. Vepa, instructed by Messrs. Short, Bewes and Company, appeared for the appellant.

390

In his Letter cited

to forbid in the Office
of the Father. Hooper